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1 **(PROCEEDINGS HELD IN OPEN COURT AT 9:34 A.M., ATLANTA)**

2 **(Court Announced)**

3 THE COURT: Counsel, first off, thank you. I
4 understand you've got me the revised proposed verdict form and
5 jury instructions. And also I see that you came up with some
6 agreed-upon language regarding the issue about the counts that
7 have been withdrawn. And that language is, "The counts for the
8 jury's consideration are within the indictment."

9 Correct?

10 MR. KITCHENS: That's correct, your Honor.

11 MR. LOWTHER: Yes, your Honor. That's correct.

12 THE COURT: Very well. And that language looks fine.

13 Mr. Kitchens, Ms. Sneed, are we ready with your first
14 witness of the morning?

15 MR. KITCHENS: We believe we are, your Honor. Here
16 comes our paralegal right now, Ms. Etienne.

17 One thing I wanted to note for the second witness, this
18 is the witness that has the hearing impairment that we noted. So
19 she does have that device. And we thank the Court for allowing
20 her to bring that.

21 As I understand it from talking with her, it's
22 essentially something I'll clip on the lapel and provide it to
23 Mr. Lowther when he has an opportunity to ask questions as well.
24 I think it takes she said about 30 seconds roughly for it to sync,
25 her listening device. So there may be a short delay while she's

1 up on the stand while she syncs the device.

2 MR. LOWTHER: Your Honor, my apologies, may I step out
3 for two minutes?

4 THE COURT: I'm sorry?

5 MR. LOWTHER: May I step out for two minutes before the
6 jury comes out?

7 THE COURT: Of course.

8 (Pause in the proceedings)

9 THE COURT: We're ready for the jury. Thanks.

10 (The jury entered the courtroom)

11 THE COURT: Ladies and gentlemen of the jury, good
12 morning. Thank you for being here. I appreciate it.

13 Counsel.

14 MR. KITCHENS: Good morning, your Honor. The government
15 calls Maxim Zarnovski.

16 THE COURT: Good morning.

17 MR. ZARNOVSKI: Good morning.

18 COURTROOM DEPUTY CLERK: Mr. Zarnovski, if you will
19 raise your right hand.

20

21 _____
MAXIM ZARNOVSKI

22 a witness herein, being first duly sworn,
23 was examined and testified as follows:

24

25 _____
COURTROOM DEPUTY CLERK: Thank you. You may have a

1 seat.

2 DIRECT EXAMINATION

3 BY MR. KITCHENS:

4 Q. Good morning, Mr. Zarnovski. Would you mind removing your
5 mask.

6 A. (Witness complies)

7 Q. Thank you.

8 Mr. Zarnovski, where do you live?

9 A. I live in north of Germany in a little town near Hamburg.

10 Q. And where were you born?

11 A. I was born in Kiev in Ukraine, back then Soviet Union.

12 Q. When did you leave the Ukraine?

13 A. It was December 1994.

14 Q. And have you lived in Germany since then?

15 A. Yes.

16 Q. Can you tell us a little bit about your education.

17 A. I went to high school, the German equivalent of high school.

18 And then I studied medicine at the University of Germany. And now

19 I'm specialized in anesthesiology.

20 Q. How long have you been an anesthesiologist?

21 A. For about eight years. Eight years.

22 Q. Now, did there come a time that you invested in
23 cryptocurrency?

24 A. Yes.

25 Q. How did you first become interested in cryptocurrency?

1 **A.** I learned about Bitcoin in 2015, and I was immediately
2 interested in it. And in a period of time from 2015 -- from '15
3 to '18 I used to invest part of my money in cryptocurrency.

4 **Q.** And when you were interested in investing in cryptocurrency,
5 what were the types of cryptocurrency that you were interested in?

6 **A.** First Bitcoin. And then besides Bitcoin, Ethereum and Lite
7 Coin was the most -- like the most money-wise, if you counted by
8 the amount of money I invested. And then besides this, like five
9 or six others. Not that many.

10 **Q.** And, sir, have you ever participated in an initial coin
11 offering?

12 **A.** Yes.

13 **Q.** What caused you or what interested you about initial coin
14 offerings?

15 **A.** It was -- back then it was -- it seems to be a good
16 opportunity to invest money because it was, to me back then,
17 obvious that the price would increase. And like in 2018 it was
18 the -- the peak of the hype. I think Bitcoin hit peak price in
19 December of 2017. And then everyone started talking about
20 Bitcoins. It was on the news. Like the beginning of '18 it
21 started to get mainstream. So, yeah, it seemed to be a good idea
22 to invest my money there.

23 **Q.** Was one of those ICOs that you participated in CoinSpark?

24 **A.** Yes.

25 **Q.** Let's talk a little bit about that.

1 How did you first learn about CoinSpark?

2 **A.** I couldn't say exactly how I first seen it. Maybe it was an
3 ad on the Internet or it was an ICO review article. But anyway,
4 I went to the homepage of CoinSpark. And then I read the
5 description of the project. And then I was interested in it.

6 **Q.** What was it that interested you in it after reading the
7 information on the homepage?

8 **A.** Yeah. I was interested because they advertised it as a
9 revenue-sharing platform, that they will distribute a quarter of
10 the income to the investors.

11 **Q.** What was really your investment goal in purchasing CoinSpark?

12 **A.** My goal was to receive passive income from the investment.

13 **Q.** Were you seeking to sell the coin?

14 **A.** No.

15 **Q.** Were you planning to use the coin on the CoinSpark exchange?

16 **A.** No.

17 **Q.** What was your plan if you purchased the CoinSpark?

18 **A.** To keep it and receive the dividends.

19 **Q.** Now, as part of what you reviewed on the website, do you
20 remember reviewing the CoinSpark whitepaper?

21 **A.** Yes.

22 MR. KITCHENS: Ms. Etienne, can we please bring up
23 Exhibit 24.

24 (Organizational pause in the proceedings)

25 THE WITNESS: Yes, I recognize this. This is what the

1 homepage looks like, front page.

2 BY MR. KITCHENS:

3 Q. The first page of Exhibit 24 you recognize. This is what you
4 read, what you recall seeing?

5 A. Yes. I don't exactly remember reading this exact text, but
6 this is what it looked like.

7 Q. Let me show you this page. It says, "Our ICO." I'm going to
8 blow this up a little bit for you so we can see this a little
9 better. Okay.

10 What did the whitepaper say they were offering investors if
11 they purchased the Spark coin?

12 A. They said it would be a decentralized trading platform where
13 you can exchange cryptocurrency and buy and sell it. And then
14 usually an exchange keeps the presentation of every withdrawal or
15 deposit operation and that's how income is generated. And then
16 they said they will distribute 25 percent of it quarterly to the
17 investors proportional to the investment. Yep.

18 Q. Let's look at the very next page, at the Spark coin itself.
19 If we look at the second and third sentences here -- let me get
20 this on -- is this what described how the dividend -- that
21 quarterly dividend would work?

22 A. Yes.

23 Q. And how important was this dividend to you in your decision to
24 invest in Spark coin?

25 A. Yeah. This was my primary motivation to invest in it, so...

1 Q. Look a little further. What was the whitepaper projecting
2 about the amount of dividends that investors could earn?

3 A. Yeah. This was -- would be dependent on the -- on the overall
4 revenue of the platform. So they said it would attract more
5 people with time. And then more people would come to the
6 exchange. And the only way to buy Spark tokens would be on the
7 exchange, at first at least. And then it would become more
8 popular and it would grow.

9 Q. So if more people use the CoinSpark exchange, then CoinSpark
10 itself would earn more trading fees?

11 A. Yes.

12 Q. And then you as a holder of Spark coin would then receive a
13 higher amount of dividends as it got more popular?

14 A. Yes.

15 Q. Look at the next slide on this. It's got "The #s Add Up."
16 If we look at that second point, the description of a consistent
17 payout, was that something you understood about what -- Spark coin
18 and how it was being promoted?

19 A. Yes. So it basically says that they will distribute quarterly
20 part of the income.

21 Q. And was that important, again, for your decision to invest in
22 Spark coin?

23 A. Yes.

24 Q. Was there also a timeline that was provided on the website?

25 A. Again, I couldn't remember exactly that these were the dates

1 and the sentences, but that's what it looked like roughly. Should
2 go online in summer '18. And then three months later there should
3 be a first dividend distribution.

4 **Q.** Was it your understanding that within three months of
5 CoinExchange [sic] launching you would start to receive your first
6 dividend?

7 **A.** Yes. This is what they advertised.

8 **Q.** And based on what they advertised, was it your understanding
9 that the dividends would only continue to grow the longer you held
10 the Spark coin?

11 **A.** Yes. If the exchange grows, then, yes.

12 **Q.** Based on your review of the material on the website, what did
13 you think about the CoinSpark project?

14 **A.** I thought it was a good idea. And back then, in 2018, in the
15 world of cryptocurrency, it looks like a good startup that would
16 attract a lot of people.

17 **Q.** So let's talk about kind of the mechanics of how you actually
18 invested in the ICO?

19 **A.** Yes.

20 **Q.** Can you walk us through. After you made this decision you
21 were going to invest in CoinSpark, how did you actually purchase
22 the Spark coins?

23 **A.** So I went on the website. And then you need to register
24 there. And then after I registered, there were instructions. At
25 a certain day, February 14th, 2018, the ICO would start. And then

1 they provided an Ethereum address where to send my Ethereum to.
2 And that's the entire investment. So I just sent my Ethereum
3 there. And in return I received a proportional amount of Spark
4 tokens to my address.

5 Q. When did you invest in the ICO?

6 A. Excuse me?

7 Q. When did you actually send the ether in the ICO?

8 A. February 14th, the first day of the ICO.

9 Q. The very first day of the ICO?

10 A. Yes.

11 Q. I'm going to show you a document that's marked Government
12 Exhibit 84.

13 A. Yes. This is the screenshot from my computer that I sent to
14 the FBI.

15 Q. And, sir, what is this a screenshot of?

16 A. It is a wallet program that displays my transactions and that
17 allows to send the cryptocurrency. In the red box is that exact
18 transaction.

19 MR. KITCHENS: Government offers for admission
20 Exhibit 84.

21 MR. LOWTHER: No objection, your Honor.

22 THE COURT: It's admitted.

23 MR. KITCHENS: Let me show this on the screen.

24 BY MR. KITCHENS:

25 Q. So is this a screenshot you took of your desktop?

1 **A.** Yes.

2 **Q.** So if we look at this first just to orient ourselves, what was
3 the name of the wallet program you were using?

4 **A.** Jaxx.

5 **Q.** Is that what's listed at the top?

6 **A.** Yes.

7 **Q.** And then you mentioned in the red box, this is your
8 transaction involving CoinSpark?

9 **A.** Yes. The red box, I did that afterwards to the screenshot, it
10 wasn't initially there.

11 **Q.** It's a little hard to see on this, and you may see it on your
12 copy, but, again, what was the date of this transaction?

13 **A.** February 14th.

14 **Q.** And what was the amount of ether that you sent to purchase
15 Spark coins?

16 **A.** Twenty-two ether.

17 **Q.** Do you recall roughly how many Spark coins you received in
18 return for your 22 ether?

19 **A.** Yeah. That's not difficult to calculate. You just divide 22
20 by 0.0025. About 8,000.

21 (Clarification by the court reporter)

22 BY MR. KITCHENS:

23 **Q.** I'm sorry, Mr. Zarnovski, could you repeat the end number, the
24 rough number.

25 **A.** About 8,000.

1 Q. And, sir, the 22 ether at this time, do you know the rough
2 dollar equivalent for what that investment was?

3 A. Roughly 20,000 US dollars.

4 Q. Based on what you read on the website, did you expect that
5 proceeds raised in the ICO would be used to help develop the
6 exchange itself?

7 A. Yes.

8 Q. And did your investment depend on the success of IC -- excuse
9 me, the coin exchange itself, the cryptocurrency exchange, in
10 order for you to earn dividends? That was a confusing question,
11 so let me scrap that.

12 A. Yes.

13 Q. In order for you to earn dividends did the cryptocurrency
14 exchange, CoinSpark, need to be successful?

15 A. Absolutely, yes.

16 Q. Was there a later point in time after the ICO where CoinSpark
17 announced that it was no longer going to be offering dividends?

18 A. Yes.

19 MR. KITCHENS: Ms. Oduka, if we can switch to the
20 computer, please. Thank you.

21 Ms. Etienne, would you please bring up Government
22 Exhibit 26. If we just blow up the top and the date would be
23 great. The blue box and then I think the -- right below the blue
24 box should be the date. Great.

25 Q. Mr. Zarnovski, do you remember reading an announcement about

1 the elimination of the dividends?

2 **A.** Yes.

3 **Q.** And what was the date of this post?

4 **A.** I couldn't say exactly. It was summer 2018, about June, or
5 maybe beginning of July. The exact date I couldn't say.

6 **Q.** If we look below the blue box, do you see a date listed on the
7 post?

8 **A.** Oh, yeah. Okay. Yeah. But I don't remember reading it
9 exactly on this date, so roughly.

10 **Q.** Understood.

11 MR. KITCHENS: Ms. Etienne, can we go look at the first
12 heading in the bullet points that are below that. Thank you.

13 **Q.** What did this explain about how -- starting on July 1st and
14 moving forward how your Spark tokens would be used?

15 **A.** So they said that there would be no dividends because of legal
16 issues, but the other features of the tokens would remain.

17 **Q.** What were those other features of the token?

18 **A.** Trading fees, so you would pay less trading fees by --
19 proportionally to how many Spark tokens you have if you would
20 trade, which I didn't. I didn't intend to trade. So, yeah. It
21 was not that important to me. For me it was the dividends were
22 the most important thing about it.

23 **Q.** Were any of these three uses that are identified in these
24 bullet points, were any of them of interest to you?

25 **A.** Yeah. Maybe the opportunity to vote on things. But since

1 there would be no dividends, I was immediately disinterested on
2 the project, so...

3 MR. KITCHENS: Ms. Etienne, can we look at the bottom of
4 the page and the two bullet points at the bottom. Thank you.

5 Q. When CoinSpark made this announcement, did they give you
6 options as someone who participated in the initial coin offering?

7 A. Yes. They said that investors who wanted to get a refund
8 could get a refund, so -- which means to send back all the ether
9 that were invested.

10 Q. Based on your interest and the primary purpose of your
11 investment to receive a dividend, what was your decision?

12 A. I decided that I rather get a refund and invest it somewhere
13 else.

14 Q. Did you, in fact, pursue a refund?

15 A. Yes. I wrote to the platform, Please refund me.

16 MR. KITCHENS: Ms. Etienne, we can take this down.

17 Q. So can you repeat, just so I understand, how did you seek a
18 refund?

19 A. Via message. I think it was an e-mail. There was a service
20 e-mail. And on the website they said -- there were instructions
21 how to get a refund. I had to send an e-mail there I believe.

22 Q. What happened after you made that request for a refund?

23 A. Nothing happened. No response.

24 Q. You received no response?

25 A. No.

1 Q. Did you make an attempt to make a refund request elsewhere?

2 A. Yeah. There was a Telegram group.

3 Q. And on that Telegram group, were there people that
4 participated that represented that they were part of the CoinSpark
5 team?

6 A. Yeah. There wasn't -- the group admin claimed that he was on
7 the board of CoinSpark.

8 Q. And did you make a post on Telegram?

9 A. Yeah. I think I tried it, but other people were writing at
10 the same time that they also requested a refund and didn't get it.
11 So then it slowly started to become apparent that it doesn't work,
12 that there's something going wrong.

13 Q. Did you ever receive a response on Telegram about that refund
14 request from any administrator?

15 A. Not from the administrator.

16 Q. At any point have you ever to this day received a response
17 from anyone at CoinSpark --

18 A. No.

19 Q. -- for your request for a refund?

20 A. No.

21 Q. Did you ever obtain a refund for your investment?

22 A. No.

23 Q. Do you still hold those Spark coins today?

24 A. Technically I think I do, yes.

25 Q. How much would they currently be worth?

1 A. Nothing.

2 Q. Mr. Zarnovski, when was the last time that you invested in
3 cryptocurrency?

4 A. In 2018.

5 Q. Why did you stop in 2018?

6 A. It was -- by then it's -- it became known to everybody, so I
7 didn't see the potential there. Also, it was discovered that
8 Bitcoin isn't that anonymous as people thought. And then slowly
9 but surely I became disinterested, so...

10 MR. KITCHENS: I have no further questions.

11 CROSS-EXAMINATION

12 BY MR. LOWTHER:

13 Q. Good morning, Mr. Zarnovski.

14 A. Good morning.

15 Q. My name is Joshua Lowther, and I represent Mr. Ryan Felton.

16 You said that you invested in cryptocurrency between 2015 and
17 2018?

18 A. Yes.

19 Q. Do you have any traditional stocks -- do you invest in any
20 traditional stocks and bonds or only cryptocurrency?

21 A. Briefly I also invested in traditional stocks.

22 Q. What investments do you have now?

23 A. Right now?

24 Q. Just the types. I don't need an exhaustive list.

25 A. I have some Energetic Stocks there but not that many. I'm

1 pretty satisfied with my first profession, so -- and as of now I
2 don't see good ways to invest in the current situation.

3 Q. So 2018 you stopped investing in cryptocurrency --

4 A. Yes.

5 Q. -- completely?

6 A. Completely.

7 Q. And you said you invested in Bitcoin, Ethereum and three or
8 four other types?

9 A. Yes.

10 Q. Now, even though you learned about these investments on the
11 Internet you do your own research before you invest in
12 cryptocurrency?

13 A. Yes.

14 Q. And that's what you did with Spark as well?

15 A. Yes.

16 Q. And you went to the Spark website?

17 A. (Nods head)

18 Q. And you read what was there to be read?

19 A. Yeah.

20 Q. And you said it looked like -- did you testify that it looked
21 like a good project to you?

22 A. Yes.

23 Q. And it did give projections about the dividends? There were
24 projections on the website about what dividends you could expect
25 to receive?

1 **A.** Yeah. They didn't say exactly how much -- how much they would
2 be, but they said they would be growing. So there was no exact
3 numbers. I don't remember seeing the exact numbers.

4 **Q.** So you understand that those estimated dividends are just
5 projections, that's all, right?

6 **A.** Yes.

7 MR. LOWTHER: Thank you. That's all I have.

8 MR. KITCHENS: No further questions, your Honor.

9 THE COURT: All right. Does anyone anticipate we'll
10 need to recall this witness at any time?

11 MR. KITCHENS: Do not, your Honor.

12 MR. LOWTHER: No, your Honor.

13 THE COURT: Sir, thank you. You're released.

14 THE WITNESS: Thank you.

15 THE COURT: Safe travels.

16 (Witness excused)

17 THE COURT: Please call your next witness.

18 MR. KITCHENS: The government calls Elizabeth Bisbee.

19 THE COURT: Good morning.

20 MS. BISBEE: Good morning.

21 COURTROOM DEPUTY CLERK: Ms. Bisbee, if you'll remain
22 standing and raise your right hand.

23

24 ELIZABETH BISBEE

25 a witness herein, being first duly sworn,

1 was examined and testified as follows:

2 _____

3 COURTROOM DEPUTY CLERK: Thank you. Please be seated.

4 MR. KITCHENS: Ms. Oduka, could you please take the
5 computer down for a minute so she can adjust the -- thank you.

6 DIRECT EXAMINATION

7 BY MR. KITCHENS:

8 Q. Good morning, Ms. Bisbee.

9 A. Good morning.

10 Q. Where do you currently live?

11 A. In Northern Virginia.

12 Q. Can you tell us a little bit about your educational
13 background.

14 A. Sure. So I have a Bachelors of Science from human -- from Old
15 Dominion University in human service, with a minor in criminal
16 justice. And I have a Master's in forensic psychology from Argosy
17 University, and also a Master's in investigative psychology from
18 University of Liverpool.

19 Q. Ms. Bisbee, I'm sorry, but could you please remove your mask.
20 Thank you.

21 A. Uh-huh (affirmative).

22 Q. Can you tell us about your -- did you use to at some point
23 work for the federal government?

24 A. Yes, I did.

25 Q. Can you tell us about when did you join the federal

1 government?

2 **A.** Yes. So I joined the federal government in September of 2014.
3 And I joined the Drug Enforcement Administration, also known as
4 DEA.

5 **Q.** What was your role with the DEA?

6 **A.** I was hired as an intelligence research specialist.

7 **Q.** So what does an intelligence research specialist at the DEA
8 do?

9 **A.** Yeah. So I primarily supported traditional financial
10 investigations and provided investigative and analytical support
11 for those investigations.

12 **Q.** As part of your work providing the analytical support for
13 investigations, what were you -- really kind of your focus with
14 DEA?

15 **A.** So my primary focus was cryptocurrency to where I supported
16 many of the investigations that had components of cryptocurrency
17 within them. And traditionally what that means is being able to
18 follow the flow of funds when you're leveraging cryptocurrency.

19 **Q.** Was that something you did right off the bat when you joined
20 the DEA in 2014?

21 **A.** No. So I first started just doing traditional money
22 laundering investigations where -- identifying the flow of funds
23 from individual's bank accounts and being able to assess the
24 credits and withdrawals that were occurring within various
25 accounts and then pulling up an analysis on those accounts. And

1 that was my primary focus for that.

2 **Q.** So how did you first encounter cryptocurrency in your work?

3 **A.** Yeah. So the section that I was in had received a request
4 from a special agent out in the field on an investigation that had
5 cryptocurrency in it. And my supervisor asked for volunteers and
6 I raised my hand, and I started down the journey of learning how
7 to identify and follow the flow of funds with cryptocurrency.

8 **Q.** So whether you're dealing with traditional bank accounts or
9 whether you were doing the blockchain analysis, what really is
10 your overall purpose when you were working on those
11 investigations?

12 **A.** Yeah. So the overall purpose is to identify the flow of
13 funds. And what that means is being able to identify any illicit
14 transactions that are occurring or different type of money
15 laundering movements that are occurring within the way that the
16 funds are actually moving. So that could be the way that the
17 funds are being structured into a particular account or for how
18 they're being obfuscated and being moved through various accounts.

19 **Q.** In how many federal investigations did you do blockchain
20 analysis?

21 **A.** Over 400 investigations.

22 **Q.** Do you still work at the DEA?

23 **A.** I do not.

24 **Q.** When did you leave the DEA?

25 **A.** So I left the DEA January of 2021.

1 Q. What was your next step?

2 A. So I joined a company where I am now, Chainalysis,
3 Incorporated, and I've been there since the end of January
4 of 2021.

5 Q. Can you tell us a little bit about Chainalysis and what it
6 does.

7 A. Yes. So Chainalysis is primarily a software company that
8 allows the transparency into cryptocurrency. So it provides an
9 investigative and compliance software to be able to analyze the
10 transactions that are actually occurring with cryptocurrency.

11 Q. What type of clients do you work for at Chainalysis?

12 A. So I primarily support the public sector, so state, local and
13 federal agencies.

14 Q. What is your role on the team within -- at Chainalysis?

15 A. Yeah. So I'm currently the head of US investigations where I
16 oversee a team of 15 investigators that conduct cryptocurrency
17 investigations.

18 Q. What work as part of that do you do with cryptocurrency
19 investigations?

20 A. So I support the investigations, so looking at the blockchain
21 and being able to identify the flow of funds, as well as advise
22 and mentor the investigators that support the various requests
23 that we have for the agencies to support their investigations.

24 Q. Have you obtained any certifications on blockchain analysis?

25 A. I have. So Chainalysis provides certification for their

1 platform, so I have received certifications for three of their
2 courses, and I have renewal certifications for them as well.

3 **Q.** What kind of training is required to earn each of those
4 certifications?

5 **A.** Yeah. So they range anywhere from 16 hours to 24 hours,
6 depending on the certification course. And then after the
7 completion of each course requires an examination and passing of
8 that examination.

9 **Q.** Have you also attended any conferences on blockchain analysis?

10 **A.** Yes, I have.

11 **Q.** Have you made presentations at those conferences?

12 **A.** Yes, I have.

13 **Q.** Roughly how many?

14 **A.** Over 20.

15 **Q.** And have you prepared in the course of your career reports on
16 blockchain analysis?

17 **A.** Yes, I have.

18 **Q.** Roughly how many?

19 **A.** Each investigation I supported required at least one report,
20 so over 400.

21 **Q.** Have you testified in federal court regarding blockchain
22 analysis?

23 **A.** Yes, I have.

24 MR. KITCHENS: Your Honor, at this time I offer
25 Elizabeth Bisbee as an expert on blockchain analysis.

1 MR. LOWTHER: No objection.

2 THE COURT: So admitted.

3 BY MR. KITCHENS:

4 Q. Ms. Bisbee, we're going to try to do a little crash course on
5 some of the blockchain analysis work that you do. But before we
6 kind of get into it a little bit, let's start with some of these
7 background concepts that we may have heard about a little bit but
8 we'll try to see if we can explain it a little bit clearly.

9 First let's start with what is cryptocurrency?

10 A. Sure. So cryptocurrency is a digital asset that leverages
11 cryptography in order to secure and verify the transfer of assets.
12 And the cryptocurrency operates on the Internet and it uses
13 encryption in order to verify and secure the transfer of any
14 value, which makes it immutable and irreversible.

15 Q. What are some of the most well-known types of cryptocurrency?

16 A. Bitcoin and Ethereum are the most prominent ones to date.

17 Q. How is it that really -- I guess what is the blockchain and
18 how does that work with cryptocurrency?

19 A. Yeah. So when a transaction occurs within cryptocurrency, it
20 then is registered to what we call a -- the blockchain. So every
21 time a transaction occurs, it's then logged on this blockchain,
22 which is publicly available in order to have transparency on all
23 the transactions that occur with cryptocurrency.

24 Q. So how is that -- the blockchain itself, just to try to get at
25 sort of the nuts and bolts of how that's something available on

1 the Internet, where is that blockchain sort of hosted or
2 physically actually housed?

3 **A.** Yeah. So part of the use of cryptocurrency is on what we call
4 a decentralized network. That decentralized network operates to
5 where it's not housed by a central authority such as like our
6 banking system. So in order to get part of the blockchain or that
7 network, it requires computer software that then allows it to then
8 enter and act on this peer-to-peer network with other individuals
9 that have also downloaded the same computer software in order for
10 it to then verify the transactions that are occurring on the
11 network.

12 **Q.** So for both the Ethereum blockchain and the Bitcoin
13 blockchain -- first, are they separate blockchains?

14 **A.** They are. So Bitcoin is the most -- it's the longest running
15 cryptocurrency. So it was established in 2009, and it's primarily
16 used just as a value transfer, so being able to transfer value
17 with Bitcoin.

18 The next cryptocurrency that came about was -- is what's
19 called Ethereum. And Ethereum allows also the transfer of value
20 but also incorporated the ability to establish applications that
21 also allow source code to be able to be seen publicly and be able
22 to be secured in the blockchain.

23 **Q.** I'll probably have more questions about that in a little bit
24 too.

25 Just so I understand, when you talk about kind of the

1 decentralized blockchain and that it relies on a series of
2 computers that have downloaded the same software, does that mean
3 that computers located all around the globe essentially are more
4 or less hosting in a sense the blockchain itself?

5 **A.** Yes, that's correct. So when a transaction occurs, the
6 computer software will then broadcast that transaction to all of
7 the other computer software that is also operating in this. That
8 then does a relay to make sure that the transactions are actually
9 confirmed and verified before its actually posted onto the
10 blockchain.

11 **Q.** So any cryptocurrency transaction at all goes through that
12 system where what it then results in the sending of a series of
13 interstate or foreign wires to these computers located around the
14 globe in order to verify that transaction before it's posted on
15 the blockchain?

16 **A.** Yes, that's correct.

17 **Q.** So let's -- just to try to break it down on a practical level,
18 let's say I decide, you know what, I want to get in and jump into
19 cryptocurrency, I want to try to buy some Bitcoin, how would I go
20 about doing that?

21 **A.** Yeah. So to break it down into steps of how you would
22 actually acquire Bitcoin, I'll kind of do a comparison between
23 creating a bank account as well as creating an account in order to
24 get cryptocurrency.

25 So in order to get a bank account set up, you have to research

1 what type of bank you want to actually bank with. And so you do
2 the steps to research where the bank may be located and what types
3 of services the bank allows and what you are interested in
4 actually banking with. So after your research, you then go into
5 the bank and you actually go to set up an account.

6 So comparing that to what you would do with Bitcoin, you'll
7 research what we call an exchange, which operates very similarly
8 to that of a bank. So the exchange will hold accounts, and an
9 individual can create an account at the exchange. Very similarly
10 to going to a bank, you have to provide information that verifies
11 who you are, so that can be a driver's license, Social Security
12 number, and then any other personally identifying information that
13 the bank requires.

14 Similarly, the exchange will also require that same
15 information, except you can do this online. So you would research
16 the exchange that you would like to create an account with, and
17 you would then establish an account typically with a username and
18 then an e-mail.

19 Once that is set up and you have the verification sent to your
20 e-mail, you then will set up more of a profile on that exchange
21 account, which, again, requires personally identifying
22 information, so your driver's license, Social Security number and
23 other information that verifies that you are who you say you are.

24 Once that is set up, you have now established an account on an
25 exchange. However, there is no value on that exchange yet. So in

1 order to actually get value onto the exchange, you would need to
2 set up your bank account. So that will require you to insert your
3 routing number as well as your account number with your bank in
4 order for it to then connect and verify with the bank that this is
5 indeed the account that should be connected to the exchange.

6 Once that's verified through the exchange and the bank, you
7 then have authorization to transfer your fiat currency, or the
8 currency that resides in your bank, and then transfer that to the
9 exchange where you'll then also have fiat currency at that
10 exchange. So I'll pause there for any clarifying questions.

11 **Q.** Just one question. Once you have that set up and you have the
12 bank account linked up, once you have that set up can you then
13 choose on the exchange to search for particular coins or a
14 particular type of cryptocurrency that you may want to purchase?

15 **A.** Yeah. So, again, this goes with the setup of the research of
16 the exchange. So as you're doing your research, you'll then see
17 the different types of cryptocurrencies that that exchange may
18 have on their platform. So once you have your fiat currency on
19 the exchange, you then will be able to convert the fiat currency
20 into the cryptocurrency, so into Bitcoin for this example. Once
21 you have that, then you will have Bitcoin in your exchange
22 account.

23 **Q.** And once you have a particular type of cryptocurrency, you
24 could convert it to any other cryptocurrency?

25 **A.** That's correct. So depending on how the exchange works, you

1 can exchange the Bitcoin into Ethereum and other cryptocurrencies
2 that are offered on that platform.

3 **Q.** And is that similar to a foreign currency exchange that you
4 may use with fiat currency?

5 **A.** Yes.

6 **Q.** So, for example, if you wanted to buy US dollar -- or you have
7 US dollars, want to convert it to a British pound or euro, you can
8 go to exchange to do that?

9 **A.** The -- like a cryptocurrency exchange?

10 **Q.** I'm sorry. I meant just a foreign currency exchange.

11 **A.** Yes, exactly. So it operates very similarly to a foreign
12 exchange to where if you have US dollars and you want to convert
13 it into pounds, there's a conversion fee that's typically charged
14 for that. The virtual or cryptocurrency exchange also charges a
15 fee for that conversion as well.

16 **Q.** We've mentioned I think a couple times fiat currency. Can you
17 just explain briefly what that is.

18 **A.** Yeah. So fiat currency is in reference to the currency that
19 the country acknowledges. So for the United States, it's US
20 dollar. For the UK, it's pounds. And so that's the fiat currency
21 in reference as currency as a whole that's recognized.

22 **Q.** Now in preparation for your testimony today did you prepare a
23 PowerPoint to help you illustrate your testimony?

24 **A.** Yes, I did.

25 **Q.** Would displaying those slides help you to explain your

1 testimony this morning?

2 **A.** Yes, it would.

3 MR. KITCHENS: Your Honor, at this time we'll ask to
4 display a PowerPoint presentation that has been prepared by
5 Ms. Bisbee. This is just going to be a demonstrative, and we've
6 provided a copy to the defense.

7 MR. LOWTHER: No objection, your Honor.

8 THE COURT: Go ahead.

9 BY MR. KITCHENS:

10 **Q.** All right. Ms. Bisbee, what are we looking at here?

11 **A.** Yes, sir. So I referenced a couple of times the blockchain
12 and the public ledger. So what is on display here is what it
13 looks like on that public ledger. So this is looking at a
14 transaction that has occurred on the Ethereum blockchain. And
15 this is what somebody would be able to view if you go on to
16 Etherscan, which is the publicly-available website, to then look
17 at transactions that have occurred on the Ethereum network.

18 **Q.** So anyone with an Internet connection can access through that
19 site or another blockchain explorer and they can see this
20 transaction?

21 **A.** Yes, that's correct.

22 **Q.** Can you walk us through what this transaction information
23 shows us here.

24 **A.** Yeah. So the transaction hash, also known as the transaction
25 ID, is the ability to recall the transaction that occurred

1 specifically on the blockchain. And the hash that is there, it's
2 required so that it can't be changed. So that hash is part of the
3 encryption that's used so it's immutable. So any time anybody, it
4 doesn't matter what year you're in, would be able to pull up this
5 transaction hash and it would pull up the same details every
6 single time.

7 **Q.** What information is provided on the ledger regarding the
8 timing of a transaction?

9 **A.** So the timing of the transaction is when it's been confirmed
10 on the blockchain. So kind of stepping back to what we explained
11 a little bit earlier, is that the computer software that then is
12 broadcasting these transactions and relaying it to all of the
13 other computer software that's also on the network, the
14 confirmation is when this is actually been confirmed across the
15 consensus of the network, so that's the timestamp that then is
16 displayed here.

17 **Q.** And then what information's provided about the sender or
18 recipient?

19 **A.** So similarly to when you exchange value, you want to know who
20 you're sending funds to and where it's going to. So with
21 cryptocurrency it's considered pseudonymous because you can see
22 the addresses that are sending and receiving funds, you just don't
23 necessarily know who is behind those particular addresses.

24 So within the blockchain it will show you the input address,
25 which is considered who is actually sending the funds, so where it

1 originated from, and then the output address is where the funds
2 are actually going, so who the recipient of those funds are.

3 **Q.** And then does this also reflect the amount of the transaction
4 on the blockchain?

5 **A.** Yes, it does. So it represents the value that was transferred
6 and confirmed on the blockchain.

7 **Q.** One more question about the input address and the output
8 address. You mentioned this is part of why people think it --
9 think of it as pseudo anonymous. If you're just using a
10 blockchain explorer itself, do you know any identifying
11 information about who is the individual that owns address 0X7536?

12 **A.** No.

13 **Q.** And is there any way that you can tell just as a user trying
14 to look at the transaction who the individual is who owns a
15 particular cryptocurrency account?

16 **A.** No.

17 **Q.** Can you tell us, how does this compare to the information you
18 may see on a personal check?

19 **A.** Yeah. So I like to provide this example just to be able to
20 kind of put it into something that we used to use every day, which
21 was a check. So on a check you have the -- your account number.
22 This is saying that the funds are actually coming from your
23 account. So similarly to what is seen on the blockchain, that's
24 what we would refer to as the input address, who's actually
25 sending the funds.

1 Just like on a check, you'll have who you're actually writing
2 the check to, so paying the funds to. And that's similar to what
3 we see on the blockchain of that output address, of who's actually
4 receiving the funds.

5 Just like on a check, you have to indicate how much you're
6 actually writing the check for so that they don't take everything
7 from your account. And same thing on the blockchain, you'll need
8 to be able to identify the value that you actually want to send to
9 the recipient.

10 And then on the -- on the check, in order to make sure that
11 the check is valid, it's going to require a signature of the
12 accountholder on the check. This is similar to what the
13 cryptography is for on the blockchain. So although we don't see
14 what the signature is on the blockchain, we know that it's been
15 signed in order for it to be confirmed, and that's what the
16 cryptography allows for cryptocurrency to become valid.

17 **Q.** And so if you were -- if you have a cryptocurrency address, is
18 that the -- is there a public address and a private address?

19 **A.** Yeah. So the public address within this scenario would be the
20 input address. And then the private address, which is also known
21 as the private key, would be the signature that is not publicly
22 available to keep the secure of your account.

23 So if you think of this in concept of like a PIN number for
24 your bank account, you have that PIN number which authorizes you
25 to send funds or withdraw funds from your account. It's the same

1 thing on cryptocurrency. Typically there will be a PIN that
2 allows the private key signature in order to endorse that the
3 funds can be moved.

4 **Q.** And that private key with cryptocurrency, is it a fairly long
5 series of numbers and characters?

6 **A.** Yes, it's very long.

7 **Q.** Not something you would want to use as like a PIN for a bank
8 account?

9 **A.** Right. Right, exactly.

10 And then just like on the check, you're going to write the
11 date that you are signing the check, just like on the blockchain
12 you'll have the timestamp of when it was actually confirmed.

13 And then the transaction ID is similar to the check number, is
14 that I can go to my bank and say, I want to know the transaction
15 that occurred with check number 2400, and the bank would be able
16 to go and pull up this transaction that occurred. So on the
17 blockchain I'm able to do that with the transaction hash or
18 transaction ID.

19 **Q.** So with a bank transaction or bank account, what record exists
20 to verify and try to reconcile transactions?

21 **A.** Yeah. So for your own personal account, you typically have to
22 do that yourself. So you're the one that are keeping track of the
23 deposits and withdrawals that are occurring within your own
24 account. And then at the end of every month hopefully it's
25 reconciled correctly. So you're basing that for your own personal

1 value. But nobody else has access to be able to see what
2 actually -- deposits and withdrawals were made.

3 **Q.** And how does that compare with cryptocurrency accounts?

4 **A.** So unlike our personal bank accounts, cryptocurrency, it's a
5 public ledger, so all of the transactions are available to anybody
6 to query them. So what this is referencing is that single
7 transaction that we had displayed a couple slides back. This then
8 is showing all of the transactions that have occurred with that
9 particular cryptocurrency address.

10 **Q.** Now, looking at just this slide, is this something again you
11 could access, anyone could access anywhere on a blockchain
12 explorer?

13 **A.** Yes.

14 **Q.** Looking at it, is this something that would be on the Ethereum
15 blockchain?

16 **A.** Yes, that's correct.

17 **Q.** What's unique about the Ethereum blockchain compared to the
18 Bitcoin blockchain?

19 **A.** So as I kind of went into a little bit earlier is that the
20 Ethereum also allows transfer of value very similarly to Bitcoin,
21 but Ethereum also allows applications to run on it as well to
22 allow individuals to create apps that then store the source code
23 of those applications on the blockchain.

24 **Q.** And if we look at this, it looks like there's a mention of
25 FLiK tokens?

1 **A.** That's correct.

2 **Q.** How would something like a token on the Ethereum platform,
3 what is required to basically create a token?

4 **A.** Yeah. So this is what we refer to as a smart contract. So in
5 order for an application to be established on the Ethereum
6 blockchain, it will require a smart contract in order to know what
7 that source code is for the application to actually be developed.

8 So to kind of take a step back and put it into an example that
9 might be a little bit easier to understand, is if I have a dollar
10 bill and I go to a vending machine and I insert a dollar bill into
11 the vending machine, in order to get a snack I'm going to select
12 F16 for where the snack is on the vending machine. With me
13 inserting the F16 code, that's almost like starting a smart
14 contract, it's initiating the application to actually go and
15 retrieve the snack. Once it retrieves the snack, I then have the
16 snack and I can eat it all that I want, right?

17 So if we put that in concept for a token, when the funds are
18 put in and the execution of the smart contract, which is that
19 code, and then retrieving the snack, the retrieval of that snack
20 is a token, so it's allowing you to take your fiat currency and
21 receive a token in return for that.

22 **Q.** Now, with all these kind of background concepts in mind, what
23 does a company like Chainalysis with its software, what does it
24 do?

25 **A.** So what you saw on the previous screen is what it looks like

1 to the publicly-available blockchain, so being able to see all
2 those transactions. But they're in alphanumeric characters and it
3 may not be easy to ascertain or be able to visualize the actual
4 flow of funds. So Chainalysis has a platform called Reactor,
5 which is what is being displayed right now, where it takes the
6 information that is occurring on the blockchain and it provides it
7 in an easy user interface to be able to establish the flow of
8 funds from one entity to another.

9 **Q.** So when you're following that flow of funds, can you walk us
10 through that process and how you actually conduct blockchain
11 analysis.

12 **A.** Yes. So every time that you are starting to work on
13 cryptocurrency and assessing what is actually going on, being
14 able to take an address and understand what is going on with that
15 particular address, so understanding what and how the funds are
16 being funded on to that address and then where are the funds
17 actually going, timing is really important to be able to assess
18 when the transactions actually occurred, when they're sending off,
19 as well as the value, so the value that's coming in, the value
20 that's moving off. All of that is done in a process for every
21 single step along the investigation. So assessing one address,
22 sending to another address and then continuing that process
23 throughout the duration of the investigation.

24 **Q.** Really instead you're again following the flow of funds,
25 instead of money you're just following the currency?

1 **A.** That's correct.

2 **Q.** What is kind of the end objective that you're trying to find
3 out in blockchain analysis?

4 **A.** Yeah. So I'm trying to identify a location where it -- we
5 call it on an off ramp, so where individuals are taking their fiat
6 currency in order to get cryptocurrency and vice versa, where
7 they're taking their cryptocurrency to get fiat currency. So
8 those on and off ramps are the exchanges.

9 So our Chainalysis software can provide the ability to
10 identify where those platforms are in order to serve or have law
11 enforcement serve legal process.

12 **Q.** So once you identify that exchange and if law enforcement has
13 that information, can law enforcement then send legal process to
14 the exchanges?

15 **A.** Yes, they can.

16 **Q.** And all that information you talked about earlier that in
17 order to sign up an account you've got to provide a whole host of
18 personal identifying information, is that information that law
19 enforcement can then receive from those exchanges?

20 **A.** Yes, it is.

21 **Q.** And is that why cryptocurrency is I think your term was pseudo
22 anonymous?

23 **A.** Yes, that's correct.

24 **Q.** Were you retained to do a blockchain analysis in this case?

25 **A.** Yes, I was.

1 Q. What were the cryptocurrency tokens that you examined?

2 A. The FLiK and CoinSpark.

3 Q. What information did you review in order to conduct your
4 analysis?

5 A. So initially I reviewed the addresses that were associated
6 to those -- those tokens which were FLiK and Spark, and then
7 received additional information from the government to include
8 investor information, the indictments and search warrant related
9 to Ryan Felton as well as exchange records associated with Ryan
10 Felton.

11 Q. Were you able to follow the flow of funds from the launch of
12 the FLiK coin and the Spark coin to where the proceeds went after
13 that?

14 A. Yes, I was.

15 Q. And at a high level what did your analysis show?

16 A. The analysis showed that the majority of the funds that were
17 for the FLiK and Spark tokens went to Ryan Felton's accounts at
18 two exchanges, Gemini and Bittrex.

19 Q. One thing just looking at this graphic, you have a couple
20 bubbles in the middle that say "intermediary"?

21 A. Uh-huh (affirmative).

22 Q. Can you explain a little bit what an intermediary account is.

23 A. Yes. So conducting blockchain analysis, again, you assess all
24 of the addresses that send and receive funds from the initial
25 address. So within this you can run analysis to determine the

1 likelihood of the address actually being associated to the flow of
2 funds.

3 So the way cryptocurrency operates typically is that when you
4 send a transaction from the software that is generating the
5 addresses, that every transaction will generate a new address, and
6 so there's not typically a change of ownership when it adds more
7 addresses. So those intermediary addresses are determined to
8 still be in control of the individual that sent the funds, that
9 received it from FLiK and Spark, as well as depositing it into the
10 exchange.

11 **Q.** Is part of your work to connect those dots with those
12 intermediary accounts and see where the funds end up going?

13 **A.** That's correct.

14 **Q.** In this case with both FLiK and the Spark coin, where did the
15 bulk of the proceeds from the sale of those tokens -- who was it
16 that received the bulk of the proceeds?

17 **A.** Ryan Felton.

18 **Q.** So let's talk about each of these coins one by one. Let's
19 start with FLiK.

20 So just as a general overview, what was -- tell us a little
21 bit about the timing of that initial coin offering.

22 **A.** Yeah. So what started with the initial coin offering for
23 that, so also known as ICO, is that it was promoted between
24 August 20th and September 20th of 2017. And from that it was a
25 promotion of the sale of FLiK tokens.

1 So in looking and analyzing the particular address, the 0X17FD
2 address that is displayed on the screen is what we call the
3 contract address, so this was the smart contract that is that
4 application that was allowing for the ability for the tokens to be
5 generated.

6 **Q.** So that 0X17F address that's listed there, is that what stored
7 the code similar to your example with the vending machine, the
8 F16, that would allow people to get FLiK tokens?

9 **A.** Yes, that's correct.

10 **Q.** Did you look at the blockchain explorer at this address?

11 **A.** Yes, I did.

12 **Q.** What are we looking at now?

13 **A.** So this is on the block explorer Etherscan, which allows you
14 to look at the Ethereum network. And the particular address is
15 0X17FD, you can see that it is the token for FLiK and that it's a
16 contract, so it's that smart contract and actually indicates that.
17 And then it shows the max supply for FLiK as well as the number of
18 holders for FLiK.

19 **Q.** And if someone were to -- if you pull this up on the explorer,
20 could you actually click on the contract itself?

21 **A.** Yes, you can.

22 **Q.** Could you review it?

23 **A.** Yes, you can.

24 **Q.** Now, would it look like something we normally think of as a
25 contract with a series of paragraphs and explanations?

1 A. No.

2 Q. What does it look like?

3 A. It's source code.

4 Q. So just programming code?

5 A. Yeah. Yep, programming code.

6 Q. And this provides I think, as you mentioned, a link to the
7 website itself?

8 A. Yes, it does.

9 Q. And so someone, if they saw or -- saw a link I guess to the
10 smart contract address, they could then click on that website and
11 learn more about that particular token?

12 A. That's correct.

13 Q. What was the supply of FLiK token that was created in this
14 smart contract?

15 A. 600 Million.

16 Q. What did you -- what are we looking at here?

17 A. So on the previous slide if you select the actual contract
18 address, this is then what is displayed on the next page, which
19 then gives more details about the contract itself. So what's
20 important about this is that it actually provides the transaction
21 and the address that initiated the contract. So in order for a
22 contract to actually be published onto the blockchain, it has to
23 be initiated and it has to have a transaction in order for it to
24 be confirmed on the blockchain. So this provides that transaction
25 and how it was actually posted onto the blockchain.

1 Q. Specifically if we look at the line "contract creator," is
2 that the information that tells you what account actually set up
3 and launched this smart contract?

4 A. Yes, it does. And if the transaction hash is selected, it
5 then pulls up more information on that particular transaction.
6 And that's what this is showing within that, is that this is the
7 transaction hash up at the top that, again, anybody would be able
8 to pull up this transaction hash and see. And it provides that on
9 August 17th is when the FLiK token was actually created. And the
10 initiator address, which is also the "from" in this screenshot, is
11 0X753. So we refer to this -- or I refer to this as the contract
12 creator address.

13 Q. So if you're on the Internet, you pull this up on blockchain
14 explorer and see it and you click on that "click to see more" that
15 we see at the bottom of the screen, what type of information would
16 it show there?

17 A. So it's going to provide more information about the contract
18 itself as well as how it's actually established and more of the
19 source code and computing code for how that actually operates.

20 Q. And then what sort of transaction data could you see with the
21 smart contract on the blockchain?

22 A. So you'll see all of the transactions that occur. So you'll
23 see the transactions of the smart contract actually issuing the
24 tokens, and you'll also see that there's transactions of -- on the
25 smart contract address receiving funds as well.

1 Q. And is this important to your analysis as you're trying to
2 follow the flow of funds?

3 A. Yes, it is.

4 Q. Why is that?

5 A. So being able to understand whether it's a transfer of value
6 or if it's an execution of the application is important to be able
7 to see where the funds are actually being initiated and where
8 they're being sent to.

9 Q. So when you looked at this and did an analysis of what
10 happened with the smart contract, what activity did you see with
11 that smart contract address, the -- during the period of the
12 initial coin offering?

13 A. Yeah. So what I was able to observe is that there was a
14 significant amount of funds that were sent to that smart contract
15 address, and then on a particular movement that occurred of a
16 large amount to the contract creator address, which is that 0X753
17 address. And so not only did that create the contract, but then
18 it was also receiving the funds that had been sent to that smart
19 contract address.

20 Q. And you said it was significant funds that were raised during
21 that ICO. How much in ether was raised during the ICO for FLiK?

22 A. Yeah. So the -- there are 344 ETH that was raised between the
23 August 20th and September 5th. And the majority of that was then
24 sent to the 0753 address. And then from the transfer of that
25 there was approximately 343 ETH that then were deposited into a

1 Gemini account.

2 **Q.** For the total period, you said that was on September 5th I
3 think?

4 **A.** Correct.

5 **Q.** And the ICO lasted until September 20th?

6 **A.** Correct.

7 **Q.** So what was the total amount raised in the ICO itself?

8 **A.** Approximately 538.

9 **Q.** And did you try to calculate roughly the dollar equivalent for
10 the 538 ETH that was raised in the ICO?

11 **A.** Yes, I did.

12 **Q.** How did you go about calculating that?

13 **A.** So every time that Ethereum transacts on the blockchain it,
14 again, records the transaction. And so cryptocurrency is
15 notoriously known to be very volatile. So for every single date
16 of that transaction, there's a USD value amount that's associated
17 to it. And so being able to assess all the transactions that
18 occurred and then looking at the US value of the time of those
19 transactions is what created the equivalent US dollar amount.

20 **Q.** So if we try to look at this, it looks like you have two rows?

21 **A.** Yep.

22 **Q.** In the first row it's the address 0X17F. Is that, again, that
23 smart contract address?

24 **A.** That's correct.

25 **Q.** Is that showing the amount of ETH that came in from investors

1 to the smart contract and that were purchasing FLiK tokens?

2 **A.** That's correct.

3 **Q.** If you did a calculation for that, how much investor funds
4 came in to purchase FLiK?

5 **A.** Approximately 173,000.

6 **Q.** And then you mentioned the volatility of ether and any
7 cryptocurrency. If we look at the bottom, is this reflecting once
8 that transfer is made to that the contract creator address that
9 you mentioned?

10 **A.** Yes, that's correct. So those transactions equated to
11 approximately \$159,000.

12 **Q.** We talked about kind of that first part of -- I guess the part
13 on the left with the arrow, the transfer, all of the ICO funds
14 were sent to this contract creator address?

15 **A.** Yes. That's correct.

16 **Q.** And then I think you talked about this transaction that
17 happened on September 5th?

18 **A.** That's correct.

19 **Q.** What did you find out about that Gemini deposit address that
20 received 343 ETH from the ICO raised on September 5th, 2017?

21 **A.** So that Gemini deposit address was an address that was in Ryan
22 Felton's Gemini account.

23 **Q.** And how do you know that that was Ryan Felton's Gemini
24 account?

25 **A.** The records indicated he registered the account.

1 Q. Were those records provided by Gemini?

2 A. Yes.

3 Q. Once that ETH came into Ryan Felton's Gemini account, what did
4 he do with ETH.

5 A. So on September 5th he conducted a slew of trades, if you
6 will. So in -- when I was explaining how on an exchange you can
7 convert your cryptocurrency to other cryptocurrencies, when he
8 received the 343 ETH on September 5th, he did a -- several trades
9 into Bitcoin from his Ethereum, which equated to approximately 24
10 Bitcoin.

11 Q. Did you look at account activity in Mr. Felton's Gemini
12 account before September 5th, 2017?

13 A. Yes, I did.

14 Q. A couple questions on that.

15 When was the Gemini account opened up by Mr. Felton?

16 A. In July of 2017. I don't recall the exact date.

17 Q. And then if you look at the account balances -- is this chart
18 showing us the account balance for each month?

19 A. It is, the last day of each month within the account.

20 Q. So by the end of July, what did he have in that Gemini
21 account?

22 A. He had a balance of US dollars of \$500.

23 Q. For the next month, at the end of August, what did he have in
24 the account?

25 A. He had a minimal amount of Bitcoin at the time, so

1 approximately 1.5 Bitcoin, and a very minimal amount of Ethereum.

2 Q. Was that the full account balance at the time?

3 A. Yes.

4 Q. And that was -- was that six days before the transfer of ETH
5 that was coming in from the FLiK token proceeds?

6 A. Yes, that's correct.

7 Q. Was there any transaction between August 31st and the
8 September 5th deposit?

9 A. Not that I recall, no.

10 Q. From what you saw on the account activity, and we'll talk
11 about a series of transactions and deposits in that account later
12 this morning, but did you see any segregation from personal funds
13 that were in that account from funds that may have been coming in
14 from either FLiK or CoinSpark?

15 A. No.

16 Q. Is there an ability to do that in a cryptocurrency account?

17 A. It depends on the exchange, but, yes.

18 Q. Was that done here with Mr. Felton's account?

19 A. No.

20 Q. Just briefly on this. You're looking just at the
21 end-of-the-month activity for this chart?

22 A. Yes.

23 Q. For certain months was there significant deposit and
24 withdrawal activity within each month?

25 A. Yes. And trade activity as well.

1 Q. We'll talk about that.

2 Did you look further at -- did you see a later transfer of --
3 we talked I think about the 343 ETH that was sent on
4 September 5th. Was there also a later transfer of proceeds from
5 the smart contract address?

6 A. From -- yeah -- can you restate the question.

7 Q. Sure. Sure.

8 I think you mentioned that there were 538 ETH roughly that
9 were raised during the ICO?

10 A. Yep.

11 Q. What happened to the remaining funds after the 343 were
12 withdrawn out?

13 A. Yeah. So they were transferred to other accounts held by Ryan
14 Felton.

15 Q. Now, after the ICO itself, did the FLiK contract address still
16 hold a large amount of FLiK tokens?

17 A. The FLiK contract address held tokens, yes.

18 Q. What happened with the FLiK tokens after the ICO?

19 A. They were then transferred to two different platforms.

20 Q. What were the platforms they were traded to?

21 A. CoinExchange, as well as EtherDelta.

22 Q. Once those tokens were sent to those two exchanges or the two
23 trading platforms, what did that allow investors to do?

24 A. It allowed investors to take either Ethereum or Bitcoin and
25 purchase tokens from that.

1 Q. And are you familiar with something called a burn address?

2 A. No.

3 Q. Now, let me show you this, what are we looking at in this --
4 is this also from a blockchain explorer?

5 A. Yes, it is. So this is from Etherscan.

6 Q. What is it reflecting in terms of the transactions here?

7 A. So it's showing that there were transactions that occurred
8 with the FLiK token to transfer to EtherDelta.

9 Q. And how much -- how many FLiK tokens were transferred to
10 EtherDelta for trading?

11 A. Approximately 10 Million.

12 Q. And when roughly did those transfers take place of the 10
13 Million FLiK tokens to EtherDelta?

14 A. I don't recall.

15 Q. Was it shortly after the ICO?

16 A. Yes.

17 Q. Now, let's talk about what happened -- what did you see when
18 you did an analysis after the funds are loaded on EtherDelta?

19 A. Yeah. So, again, looking at all of the funds that come in to
20 the address 0X753, was able to look at where the funding actually
21 came from for that particular address. And I observed that there
22 were transfers from EtherDelta, which is now known as ForkDelta,
23 to that particular address. I was then able to identify that
24 from -- the flow of funds that were received from EtherDelta ended
25 up being deposited into the Gemini account with the deposit

1 address of 0X3263.

2 **Q.** And who is it, again, that controlled that Gemini address?

3 **A.** Yeah. Ryan Felton.

4 **Q.** If we look on kind of the right side where you have all the
5 arrows showing the different deposits into the -- Mr. Felton's
6 Gemini account, do you have date information for when those
7 transactions took place?

8 **A.** Yes.

9 **Q.** And when roughly did those transfers take place?

10 **A.** So between September 19th, 2017, and September 22nd, 2017.

11 **Q.** And does that give you a little sense of when the FLiK tokens
12 had been transferred and loaded on to EtherDelta?

13 **A.** Yes.

14 **Q.** Did it happen before those dates or on the same day of some of
15 those transactions?

16 **A.** Yeah, same day and shortly before.

17 **Q.** What was the total amount of ether that you saw being
18 deposited to the Gemini account between September 19th and
19 September 22nd, 2017?

20 **A.** Approximately 277 ETH.

21 **Q.** So just in that three-day period?

22 **A.** (Nods head)

23 **Q.** And what was the source where those funds were coming from?

24 **A.** So this was from EtherDelta as well as from the FLiK sell of
25 the addresses from the -- the FLiK funds from the investors.

1 Q. Now, did you try to calculate again a US dollar equivalent for
2 that amount of ETH that came into the Gemini account?

3 A. Yes, I did.

4 Q. How much was it worth roughly?

5 A. 77,000.

6 Q. Based on your review of this and your experience, were you
7 able to draw a conclusion about where -- those proceeds that were
8 coming from EtherDelta, where they came from?

9 A. Yes.

10 Q. What was that conclusion?

11 A. That just based off of the timing, the token transfers and
12 then the contract initiating address 0X753 receiving those funds
13 is very likely to be associated to the sells of FLiK.

14 Q. Now, you mentioned there were two different exchanges where
15 FLiK tokens were sold?

16 A. Yes, that's correct.

17 Q. So the other exchange, what was the name of it?

18 A. CoinExchange.

19 Q. And how many tokens -- FLiK tokens were sent to CoinExchange?

20 A. If I recall correctly, 34 Million approximately.

21 Q. And when roughly were those tokens, FLiK tokens sent to
22 EtherDelta -- excuse me, to CoinExchange for trading?

23 A. Yeah. If I recall correctly, it was in October of 2017.

24 Q. Did you review records of CoinExchange as part of your
25 analysis?

1 **A.** Yes, I did.

2 **Q.** And let me show you what's been marked as Government's
3 Exhibit 100. So this is a big stack I've handed to you. I assume
4 what you reviewed, was it electronic information?

5 **A.** Yes, it was.

6 **Q.** And what do you see looking through those documents? I'm not
7 going to ask you to read every page, but what are these types of
8 documents?

9 **A.** So these are transaction records that are associated to an
10 account at the exchange which shows transfers coming in as well as
11 trades for the account.

12 **Q.** Are those part of the CoinExchange records that you reviewed?

13 **A.** Yes, they are.

14 **Q.** And if you look at the front of Exhibit 100, is there a
15 business record certification that's signed for that?

16 **A.** Yes, there is.

17 MR. KITCHENS: We'll offer for admission Government
18 Exhibit 100.

19 MR. LOWTHER: No objection.

20 THE COURT: It's admitted.

21 BY MR. KITCHENS:

22 **Q.** Now, when you looked at those CoinExchange records, what
23 happened -- well, first, who was it that owns the CoinExchange
24 account that you reviewed?

25 **A.** Ryan Felton.

1 Q. And what did you see in Ryan Felton's CoinExchange account
2 once the 34 Million tokens were sent there?

3 A. They were then converted into Bitcoin.

4 Q. The FLiK tokens were converted to Bitcoin?

5 A. Yes.

6 Q. And how roughly -- did that happen over a period of time?

7 A. Yes, it did.

8 Q. And then how much Bitcoin was sent out from CoinExchange as a
9 result of those conversions?

10 A. If I recall correctly, 300-and-some Bitcoin was transferred
11 from CoinExchange.

12 Q. Now, when we talk about conversion to Bitcoin, did that
13 require essentially in essence someone who is also on CoinExchange
14 to provide the Bitcoin and essentially purchase the FLiK tokens?

15 A. That's correct.

16 Q. And so from what you saw of those transactions on
17 CoinExchange, were those a series of purchases of FLiK tokens by
18 investors?

19 A. Yes.

20 Q. And the proceeds of that were all stored as Bitcoin in
21 Mr. Felton's CoinExchange account?

22 A. Correct.

23 Q. And then, again, just to finish the loop, where did the
24 proceeds of those FLiK token sales on CoinExchange, where do they
25 go?

1 **A.** To Ryan Felton's Gemini deposit address.

2 **Q.** And roughly when did that take place?

3 **A.** In October of 2017.

4 **Q.** How did the timing of that compare to the ICO?

5 **A.** So the ICO ended on September 20th of 2017, so these transfers
6 occurred after the ICO.

7 **Q.** Now, how much cryptocurrency between the proceeds from
8 CoinExchange and the proceeds from ForkDelta or EtherDelta were
9 sent to the Gemini account from what we're looking at in this
10 chart?

11 **A.** So this chart is specific to the Ethereum, so it's 470 ETH
12 that was deposited into his Gemini account.

13 **Q.** Thank you for the clarification.

14 So this, what we're seeing, the numbers, it's all ETH?

15 **A.** Yes. Correct.

16 **Q.** Was CoinExchange -- once the FLiK tokens were loaded up on
17 CoinExchange, were certain FLiK tokens also sold for ETH?

18 **A.** Yes.

19 **Q.** So this chart is not reflecting the separate FLiK tokens that
20 were purchased for Bitcoin?

21 **A.** Correct. This is only Ethereum or ETH.

22 **Q.** And did you look in the Gemini account after seeing these
23 deposits that came in from CoinExchange and EtherDelta?

24 **A.** Yes, I did.

25 **Q.** Can you walk us through what was happening in the account.

1 **A.** Yeah. So what this is displaying is the type of activity that
2 was within the account. So to kind of provide a little bit for
3 what the legend is explaining, so the buying is when it was
4 purchased with fiat currency. The credit is when it was credited
5 into the account either through cryptocurrency or the actual
6 deposit of fiat currency. The debit is where cryptocurrency was
7 withdrawn or USD was actually withdrawn from the account. And the
8 sell is when cryptocurrency was actually traded.

9 So what activity I was able to observe is that there was a
10 large amount of deposits that occurred on -- with Ethereum
11 equating to approximately 641 ETH and could see then that that was
12 then sold for a significant amount for Bitcoin.

13 **Q.** Let's look at kind of that credit section that you were just
14 talking about.

15 **A.** Uh-huh (affirmative).

16 **Q.** You mentioned the 641 ETH you saw coming in in September?

17 **A.** Yes, that's correct.

18 **Q.** And was that ETH coming from the sources we've talked about
19 this morning, from both basically the -- from that smart contract
20 itself, the investor money --

21 **A.** Yes.

22 **Q.** -- as well as ETH that came from CoinExchange and EtherDelta?

23 **A.** Yes, that's correct.

24 **Q.** Then in October was there a continuation and more ETH that was
25 coming in from those same sources?

1 A. Yes, that's correct.

2 Q. Based on your review, were those funds coming from sales of
3 FLiK tokens?

4 A. Yes, they were.

5 Q. And then if we look still in that middle section where it says
6 "credit" in that amount of Bitcoin column, it looks like there's
7 very little activity until October and then we see -- how much
8 Bitcoin did you see coming in to Ryan Felton's Gemini account in
9 October?

10 A. Yeah. 407 Bitcoin.

11 Q. What was the source of that Bitcoin that you saw coming into
12 Mr. Felton's Gemini account?

13 A. From the -- from the trade from the CoinExchange account to
14 Bitcoin, which then was sent to Gemini.

15 Q. And, again, from what you saw on the CoinExchange account,
16 were those proceeds of sales of FLiK tokens?

17 A. Yes, they were.

18 Q. You mentioned as well that once the ETH came in, the
19 roughly it looks like about 1,100 ETH or so between September and
20 October, that that was converted to Bitcoin, is that correct?

21 A. That's correct.

22 Q. And where do we see kind of the calculation of that additional
23 Bitcoin that came in from those conversions?

24 A. So that's going to be on the sell side. So in October there's
25 370 -- or, sorry, the 641 and the 460 were then converted into

1 Bitcoin, which then was converted again into US dollar.

2 Q. So at its peak how much Bitcoin was in Mr. Felton's Gemini
3 account after he had done these conversions and received the
4 deposits from CoinExchange?

5 A. Approximately 360.

6 Q. Was that -- well, I want to make sure that I understand
7 because I think you have that there's a -- there were 407 that
8 came in in terms of deposits --

9 A. That's correct.

10 Q. -- just in October alone?

11 A. That's correct.

12 Q. So I think I misunderstood the question or misstated the
13 question.

14 The sell column, is that the amount that he was -- can you
15 explain the 361 (sic) figure again.

16 A. Yes. So the 360 is the conversion from the Ethereum into
17 Bitcoin.

18 Q. I see. Okay. And, again, before those deposits came in of
19 the 407 Bitcoin that came in in October and the additional
20 conversions of ETH to Bitcoin, how much Bitcoin was in this Ryan
21 Felton Gemini account in August?

22 A. There was -- there's a minimal amount in his account in
23 August.

24 Q. Was that that 1.5 Bitcoin we looked at earlier?

25 A. That's correct.

1 Q. Once he had this stockpile of Bitcoin in his Gemini account,
2 what did Mr. Felton do?

3 A. He then converted that into US dollar and transferred -- did a
4 wire transfer for that value to his Wells Fargo account.

5 Q. And is this depicting that wire transfer amount you saw coming
6 out of Mr. Felton's Gemini account?

7 A. That is correct.

8 Q. How did you know it was sent to his Wells Fargo account?

9 A. Because that was the account that was linked to his Gemini
10 account.

11 Q. What was the date of this first transfer -- well, first, how
12 much was sent out of the account?

13 A. 2.2 Million.

14 Q. What was the date of that wire transfer to the Wells Fargo
15 account?

16 A. October 20th, 2017.

17 Q. How long was that after the ICO for FLiK?

18 A. A month.

19 Q. Did you also see later deposits from CoinExchange that
20 ultimately landed in the Gemini account?

21 A. Yes, I did.

22 Q. Can you walk us through what you saw.

23 A. Yeah. So from the deposit addresses that were at Gemini's
24 account -- or Ryan Felton's Gemini account, looking at how it
25 actually funded those, was able to identify that there were

1 transfers that came from CoinExchange as well as from another
2 exchange, Bittrex, and an intermediary wallet or address of --
3 identified as 174.

4 **Q.** And where were those -- where ultimately were those funds,
5 where did they end up?

6 **A.** In the Gemini account.

7 **Q.** From your review, again, what was the source of the proceeds
8 that were sent to the Gemini account?

9 **A.** Proceeds from FLiK token sales.

10 **Q.** And then what happened -- when were these funds deposited to
11 the Gemini account?

12 **A.** So between October 7th, 2017, and October 11th of 2017.

13 **Q.** What happened after these additional funds came in to the
14 Gemini account?

15 **A.** They then were converted into US dollar and then, again, wire
16 transferred out to his Wells Fargo account, Ryan Felton's Wells
17 Fargo account.

18 **Q.** What was the amount of the second wire of funds from
19 Mr. Felton's Gemini account to his personal Wells Fargo account?

20 **A.** Approximately \$199,000.

21 **Q.** What was the date of that?

22 **A.** December 4th, 2017.

23 **Q.** Between those two wires that we looked at, the \$2.2 Million
24 and this roughly \$199,000, where did the vast bulk of the funds --
25 what was the source of the vast bulk of those funds before they

1 were wired out?

2 **A.** The FLiK token sales.

3 **Q.** All right. As part of your analysis did you also look at
4 specific transactions by individual investors in FLiK?

5 **A.** Yes, I did.

6 **Q.** If we look at this, the Investor KF, was this Kenneth Fedance?

7 **A.** Yes.

8 **Q.** What did you see in looking at his transactions on the public
9 blockchain?

10 **A.** So I was provided KF's cryptocurrency address. And, again,
11 looking at where the funds went in this instance was able to
12 identify that there were four transactions specifically that went
13 to the FLiK smart contract address.

14 **Q.** And is that indicating that he participated in the initial
15 coin offering itself?

16 **A.** Yes.

17 **Q.** So let's focus on the bottom three on August 20th. Is that
18 the first day of the ICO?

19 **A.** Yes, it is.

20 **Q.** And what was the amount of ETH that Mr. Fedance sent to the
21 smart contract address?

22 **A.** It was approximately 9, 9.9 ETH.

23 **Q.** Across those three transactions?

24 **A.** Yes.

25 **Q.** Did you also receive an image or look at his -- the amount of

1 FLiK he received in return for those roughly 9 ETH?

2 **A.** Yes, I did.

3 **Q.** If we look at the bottom three, are those -- again, are
4 those -- the bottom three rows of this slide, does that correspond
5 with those first three purchases that you saw on August 20th,
6 2017?

7 **A.** Yes, they do.

8 **Q.** And how much FLiK tokens did he receive in response, in return
9 for that ETH?

10 **A.** Approximately 4,500 FLiK.

11 **Q.** And are you getting that -- is that based on the numbers where
12 it says "quantity" in the last column?

13 **A.** That's correct.

14 **Q.** You're adding that up for each of those three rows?

15 **A.** That's correct.

16 **Q.** Did you also review the indictment in this case?

17 **A.** Yes, I did.

18 **Q.** And those three transactions on August 20th, do they
19 correspond with Counts 1 through 3?

20 **A.** Yes, they do.

21 **Q.** In total how many FLiK tokens did Mr. Fedance purchase?

22 **A.** I don't recall.

23 **Q.** If you look at the top row, does it have a list of the
24 quantity of tokens that were sent out?

25 **A.** Yes, it does.

1 Q. And what was that quantity?

2 A. 4 Million.

3 Q. Little more than 4 Million?

4 A. Uh-huh (affirmative).

5 Q. Let's look at a second investor. Is this depicting the
6 transactions for Carlos Martinez?

7 A. Yes, it is.

8 Q. What did you look at to conduct this analysis?

9 A. So I was provided information from the investor related to his
10 EtherDelta account and the transactions that occurred with that.

11 Q. And what did you see -- when did he purchase FLiK from what
12 you reviewed?

13 A. On October 11th.

14 Q. And how did he purchase it?

15 A. With ETH.

16 Q. And what was the amount of ETH he used?

17 A. 4.8 ETH.

18 Q. What was the trading platform he used to purchase the FLiK
19 tokens?

20 A. EtherDelta.

21 Q. Did that also correspond with Count 6 in the indictment?

22 A. Yes, it did.

23 Q. And this chart, did it also -- what was this chart and the
24 information that you display here based on?

25 A. Yeah. So the investor also provided information from

1 CoinExchange, and this was the depiction from the CoinExchange
2 records.

3 Q. If we look kind of at a few rows up from the bottom, were
4 there a couple transactions on November 7th, 2017?

5 A. Yes, there were.

6 Q. What was the amount of FLiK tokens purchased on those two
7 transactions on November 7th?

8 A. Approximately 11,000.

9 Q. And if we look at the last column, is the amount -- what does
10 that reflect?

11 A. That's the Bitcoin amount that was used to purchase the FLiK.

12 Q. For those two purchases on November 7th, did they correspond
13 with Counts 8 through 9 of the indictment?

14 A. Yes, they did.

15 Q. Lastly, did you look at investments by the investor Niek
16 Hortsman?

17 A. Yes, I did.

18 Q. What did you review to conduct that analysis?

19 A. So the records for CoinExchange provided by the investor.

20 Q. Based on that, how much in total FLiK did Niek Hortsman
21 purchase?

22 A. 968,000 FLiK.

23 Q. And if we look at below that in the charts, did you see a
24 purchase of FLiK tokens on October 19th, 2017?

25 A. Yes, I did.

1 Q. How much FLiK tokens was purchased?

2 A. Approximately 6,700.

3 Q. And how much Bitcoin did he pay in order to purchase those
4 FLiK tokens?

5 A. .19 Bitcoin.

6 Q. Did that correspond with Count 7 of the indictment?

7 A. Yes, it did.

8 Q. If we look below that, it looks like there's a series of
9 transactions that happened on April 3rd, 2017?

10 A. That's correct.

11 Q. And did you total up the amount of FLiK that was obtained on
12 those dates?

13 A. Yes, I did.

14 Q. On April 3rd I should say.

15 And did these transactions on October 3rd (sic), do they
16 correspond with Count 10 of the indictment?

17 A. Yes, they do.

18 Q. If we look finally at that last row, did you see a purchase
19 on -- of FLiK tokens on May 8th, 2018?

20 A. Yes.

21 Q. And how much FLiK was purchased?

22 A. Approximately 137,000.

23 Q. What was the amount of Bitcoin that was used to purchase those
24 FLiK tokens?

25 A. .3.

1 Q. Did that correspond with Count 11 in the indictment?

2 A. Yes.

3 Q. So let's talk about CoinSpark.

4 Did you do a similar analysis for the CoinSpark tokens?

5 A. Yes, I did.

6 Q. And so let's just talk first, just a quick overview, what did
7 you see in terms of the initial coin offering?

8 A. Yeah. So what I saw is that the address 0XF95 is what is
9 referenced for the Spark address. And it was receiving funds for
10 the initial coin offering between February 14th of 2018 and
11 March 14th of 2018.

12 Q. And, again, were you able to look at the smart contract itself
13 on the -- any publicly-available blockchain explorer?

14 A. Yes.

15 Q. So let's look at that.

16 Is this very similar to what we looked at with the FLiK smart
17 contract?

18 A. Yes, it is.

19 Q. What was the supply of Spark coins that were created from the
20 smart contract?

21 A. 25 Million.

22 Q. Were you also able to see the contract creator address for
23 CoinSpark?

24 A. Yes, I was.

25 Q. And where did you see that?

1 A. So the contract was created with the address 0X981, and it's
2 on the "to" line for this, the transaction.

3 Q. If you looked at this on the blockchain explorer, again,
4 there's that tab "click to see more."

5 A. Yes.

6 Q. What would you see if you clicked on that?

7 A. So it would provide more information that is associated to the
8 actual smart contract. And in this particular instance, I was
9 able to identify that the ICO address, which is that 0X935 that
10 was referenced on the summary page, is the address that received
11 funds for the ICO.

12 Q. So that's where the ETH actually went?

13 A. Yes, that's correct.

14 THE COURT: Mr. Kitchens, I think it's a good time for
15 us to take a short break.

16 MR. KITCHENS: Thank you, your Honor.

17 THE COURT: Ladies and gentlemen of the jury, let's take
18 a five-minute break. You're reminded of your instructions for
19 breaks. Thank you.

20 (The Jury exited the courtroom)

21 (After a recess, the proceedings continued as follows:)

22 (Court Announced)

23 THE COURT: Mr. Kitchens, just for scheduling purposes,
24 the Court has a few things to do motion hearing wise, and I'm also
25 duty judge this month, so we'll need to break at about noon. And

1 then we will probably take a fulsome lunch I guess and come back
2 on the record at about 1:15 or so.

3 MR. KITCHENS: Thank you, your Honor.

4 THE COURT: And, Mr. Oduka, we don't have any reason to
5 think that that 1:00 meeting will take more than, say, 15 minutes,
6 do we?

7 COURTROOM DEPUTY CLERK: I did tell them between 1:00
8 and 1:15. I can e-mail them and tell them to be here right at
9 1:00.

10 THE COURT: Yes. If you would tell them to be here
11 right at 1:00, I would appreciate that.

12 I think we're ready to bring out the jury. Thank you,
13 Officer.

14 MR. KITCHENS: Your Honor, just for your scheduling
15 purposes, we don't have much left for this witnesses. After that
16 there's going to be a series of short witnesses I think we can get
17 in before that break.

18 THE COURT: Wonderful. Sounds good.

19 (The Jury entered the courtroom)

20 THE COURT: Y'all can have your seats. Thank you.

21 Mr. Kitchens, go ahead.

22 BY MR. KITCHENS:

23 Q. Ms. Bisbee, I think right when we stopped we were discussing
24 what you could see on the blockchain employer for the CoinSpark
25 smart contract.

1 A. Yes, that's correct.

2 Q. Were you able after you found that and looked at the
3 transactions that you saw on that public explorer, were you able
4 to see activity with the smart contract address?

5 A. Yes, I was.

6 Q. And were you able to trace funds following the creation of the
7 account?

8 A. Yes, I was.

9 Q. And what did you find?

10 A. So I was able to identify that there was funding to that
11 particular address, 0XF958, that had received funding from various
12 other addresses. And then there were transfer of funds from that
13 address, 0XF958, to an intermediary address, 0XBA, for a total of
14 459 ETH.

15 Q. Was that 459 ETH, was that the amount that was raised during
16 the CoinSpark ICO?

17 A. Yes, it was.

18 Q. Then after that did you see a series of deposits for that 460
19 ETH that came out of that account?

20 A. Can you restate the question.

21 Q. Sure.

22 Where did you see -- from your analysis, where did that 460
23 ETH ultimately go?

24 A. Yeah. So the majority of it went to a Bittrex account,
25 approximately 428.

1 Q. Who was the owner of that Bittrex account?

2 A. Ryan Felton.

3 Q. How do you know that?

4 A. Because the records that I was provided indicated that Ryan
5 Felton had created the account associated with -- to deposit
6 address 0XF38 belonging to Ryan Felton.

7 Q. Was that records provided by Bittrex?

8 A. Yes.

9 Q. Were there also funds that were sent to that same Gemini
10 account we've been talking about this morning?

11 A. Yes, there were.

12 Q. So let's talk a little about that 460 ETH that were raised in
13 the ICO. Just like you did with FLiK, did you try to come up with
14 a US dollar calculation for what that was worth?

15 A. Yes, I did.

16 Q. What did you find?

17 A. So the receiving address, 0XF958, which is the Spark address,
18 had received an equivalent of 405,000 US dollar equivalent.

19 Q. So, again, would that -- from looking at that first row, does
20 that reflect the dollar equivalent for the amount of investor
21 funds that would have come in at the time that they were
22 purchasing Spark coins?

23 A. Yes, that's correct.

24 Q. And then you mentioned earlier the volatility of ether at the
25 time. What was the dollar amount when -- the dollar equivalent

1 amount I guess when the ether was sent out for the smart contracts
2 and sent to this 0XBA address?

3 **A.** Yeah. So approximately \$255,000 worth was sent.

4 **Q.** And I think in my questions I think I've been saying ETH or
5 ether or Ethereum. What, I guess, is the -- are all those things,
6 do they mean the same thing?

7 **A.** So the Ethereum is the protocol that -- or the network the
8 individuals interact with. And ETH or ether is the value
9 transfer. So if you take the equivalent of our US currency, we
10 have a dollar bill and we call it a dollar bill, that's very
11 similar to within Ethereum is the network and ether is what is
12 transferred. And an ETH is an equivalent to the representation of
13 ether.

14 **Q.** So if you call something ETH, is it similar to calling a
15 dollar bill a buck?

16 **A.** Yes.

17 **Q.** Just another word for the same thing?

18 **A.** Yes.

19 **Q.** Now, can you walk us through what you saw after those
20 transfers took place from the smart contract.

21 **A.** Yeah. So after the funds were deposited into the Bittrex
22 account -- and that's where I'm going to primarily focus on for
23 this initial discussion, is that the ETH that was transferred to
24 the Bittrex account was then converted into Bitcoin, and then that
25 Bitcoin was then transferred off the Bittrex account.

1 Q. And then if we focus just on March 20th itself, look at that,
2 what was the activity that you saw on the final closing day of the
3 ICO for CoinSpark?

4 A. Yeah. So I saw the initial transfer of all of the ICO
5 proceeds from the Spark coin to the address 0XBA. The majority of
6 those funds then were deposited into the Bittrex account. But
7 then also 100 ETH was sent from that 0XBA address to Ryan Felton's
8 Gemini account. And on that same day, the 100 ETH was then
9 transferred to the Bittrex account associated with Ryan Felton.

10 Q. So let me break that down just a little bit. Did you see --
11 and focusing on that Gemini account, did you see 100 ETH in
12 proceeds from CoinSpark sales going into that account on
13 March 20th?

14 A. Yes.

15 Q. And then the same day, after it went into the Gemini account,
16 you saw that same 100 ETH transferred to the Bittrex account?

17 A. Yes.

18 Q. Did you look and try to determine the US dollar equivalent for
19 that 100 ETH?

20 A. Yeah. So at the time it was approximately \$55,000.

21 Q. And that Bittrex account itself, did you look further at the
22 transaction records to see what was coming into the account during
23 this period?

24 A. Yes, I did.

25 Q. What did you see?

1 **A.** So not only was I able to see the transfers that occurred on
2 March 20th, but there were also transactions that had occurred on
3 March 21st and 22nd being the primary funding for the Bittrex
4 account.

5 **Q.** And so if we focus on the ETH amount, what did you see was
6 coming in on March 20th and March 22nd?

7 **A.** Yeah. So there was approximately 400 ETH that was deposited
8 into the account that were proceeds from the Spark token.

9 **Q.** And once that ETH came in, what happened in the Bittrex
10 account?

11 **A.** Similar to that of what happened in the Gemini account, there
12 were trades that were conducted into Bitcoin.

13 **Q.** If we look at this middle row, March 21st, it looks like
14 there's another deposit of 175 ETH?

15 **A.** That's correct.

16 **Q.** What was that?

17 **A.** So it was an internal transfer within Bittrex. And the
18 funding from that is unclear.

19 **Q.** You couldn't determine what really the source of those 175 ETH
20 was?

21 **A.** Not in the Bittrex account, correct.

22 **Q.** So what you could see that was coming from the Spark coin
23 proceeds were the 328 ETH that came in on March 20th and the
24 roughly 100 ETH that came in on March 22nd?

25 **A.** Correct.

1 Q. Now, what happened after these conversions took place that you
2 mentioned of converting it to Bitcoin?

3 A. So they were sent off of the Bittrex account into what we call
4 intermediary addresses that were not part of the Bittrex account.

5 Q. And where did they go after they were sent to these
6 intermediary accounts?

7 A. So they went to different exchanges or platforms. So BitPay
8 was one of the platforms that it went to. And then it also
9 resulted in to -- back in to the Gemini account controlled by Ryan
10 Felton.

11 Q. So is that depicted -- that transfer back to the Gemini
12 account, is that -- if we look at the right side and kind of that
13 top arrow, is that what's depicted here?

14 A. Yes, it is.

15 Q. How much Bitcoin was sent to the Gemini account?

16 A. Approximately 15.4.

17 Q. And what was the date for that transfer?

18 A. June 16th, 2018.

19 Q. What was the source of that 15.42 Bitcoin that came into
20 Mr. Felton's Gemini account?

21 A. So this was a -- the source of it was a co-mingling of the
22 FLiK and CoinSpark proceeds.

23 Q. And then once this 15.42 Bitcoin came into the Gemini account
24 on June 16th, 2018, what activity did you see in the Gemini
25 account?

1 A. So there was a conversion from the Bitcoin into US dollar.
2 And then there was a wire transfer of the US dollar into the
3 Wells Fargo account.

4 Q. And is this the wire transfer you saw on June 16th?

5 A. Yes, it is.

6 Q. What was the amount of the wire transfer that went out?

7 A. Approximately \$99,000.

8 Q. Now, similar to your analysis in FLiK, did you also look at
9 some of the individual investor transactions with CoinSpark?

10 A. Yes, I did.

11 Q. And first if we look at the -- kind of the left side, is that
12 what is depicting these investor transactions?

13 A. Yes, it is.

14 Q. If we look at the investor on the top row with initials MZ, is
15 that Maxim Zarnovski?

16 A. Yes, it is.

17 Q. What did you see on the blockchain for his purchase?

18 A. That there was 22 ETH that was sent to the Spark coin address.

19 Q. Was that during the ICO?

20 A. Yes, it was.

21 Q. And for second investor, is that investor named Daniil
22 Derebenskiy?

23 A. Yes, it is.

24 Q. What were the two purchases you saw for him during the ICO?

25 A. So one was for approximately 4.7 ETH. And the other was for

1 approximately 87.9 ETH.

2 **Q.** From the information that you saw on the blockchain, did those
3 two transactions correspond with Counts 24 and 25 in the
4 indictment?

5 **A.** Yes, they did.

6 **Q.** And for Mr. Zarnovski, the purchase of Spark coins for 22 ETH,
7 did that correspond with Count 22 in the indictment?

8 **A.** Yes, it did.

9 **Q.** For both of those investors, did they send collectively more
10 than 100 ETH to that smart contract address for Spark coin?

11 **A.** Yes.

12 **Q.** Where ultimately at the end of your analysis did -- who was it
13 who received the proceeds from those sales?

14 **A.** Ryan Felton.

15 MR. KITCHENS: I have no further questions, your Honor.

16 THE COURT: Thank you.

17 Mr. Lowther.

18 CROSS-EXAMINATION

19 BY MR. LOWTHER:

20 **Q.** Good morning.

21 **A.** Good morning.

22 **Q.** My name is Joshua Lowther, and I represent Mr. Felton. Just a
23 question.

24 Cryptocurrency exchanges aren't 100 percent secure, are they?

25 **A.** No, they're not.

1 Q. And they are susceptible to breaches such as hackers, theft?

2 A. Yes.

3 Q. And if you are -- if a person is holding -- or let me say
4 this: A person who has cryptocurrency or digital asset, if that
5 person is not holding that digital asset as an investment to
6 increase in value, it's the better practice to transfer that to
7 cash for better security, correct?

8 A. Yes.

9 MR. LOWTHER: Thank you.

10 MR. KITCHENS: No further questions, your Honor.

11 THE COURT: All right. Does anyone anticipate that they
12 will need to recall this witness for any reason?

13 MR. KITCHENS: No, your Honor.

14 MR. LOWTHER: No, your Honor.

15 THE COURT: Ma'am, you're released. Thank you.

16 (Witness excused)

17 THE COURT: Please call your next witness.

18 MS. SNEED: The government calls Jonathan Witten.

19 THE COURT: Good morning.

20 MR. WITTEN: Good morning.

21 COURTROOM DEPUTY CLERK: Mr. Witten, would you raise
22 your right hand.

23

24 JONATHAN WITTEN

25 a witness herein, being first duly sworn,

1 was examined and testified as follows:

2 DIRECT EXAMINATION

3 BY MS. SNEED:

4 Q. Good morning, sir.

5 A. Good morning.

6 Q. You may remove your mask if you're comfortable.

7 A. Okay.

8 Q. Where do you work?

9 A. I work at the Law Firm Lueder, Larkin & Hunter.

10 Q. What type of legal services does Lueder Larkin provide?

11 A. It has a number of practice groups. I work with the real
12 estate practice group. It also provides insurance defense,
13 community associations, Workers' Compensation and just some
14 general litigation.

15 Q. Where is your office located?

16 A. We have offices all over really Georgia and South Carolina. I
17 work in Buckhead.

18 Q. What is your current title?

19 A. I'm a partner.

20 Q. And how long have you been at Lueder Larkin?

21 A. Since 2005 -- I'm sorry, 2015.

22 Q. And I believe you testified that you're in the real estate
23 practice?

24 A. Correct.

25 Q. What are your duties as a partner in the real estate practice?

1 **A.** I do mostly practice management work at this point, so mostly
2 administrative support and oversight for the other branches and
3 the other lawyers.

4 **Q.** Sir, I just placed in front of you what's been marked as
5 Government Exhibit 85. Do you recognize this document?

6 **A.** I do.

7 **Q.** And what is it?

8 **A.** Well, this is the stack of documents that I submitted to you
9 and to the Court in response to a subpoena we were served -- we
10 received for a closing file of ours.

11 **Q.** And the first page of that document is a business records
12 custodian, correct?

13 **A.** Correct.

14 **Q.** And did you sign that first page?

15 **A.** I did.

16 MS. SNEED: And, your Honor, I would move to admit
17 Government Exhibit 85.

18 MR. LOWTHER: No objection.

19 THE COURT: It's admitted.

20 BY MS. SNEED:

21 **Q.** Now, sir, you mentioned that Exhibit 85 is a closing file?

22 **A.** Correct.

23 **Q.** A closing file for what sort of purchase?

24 **A.** This was a purchase of some residential property in the
25 Atlanta area.

1 Q. And what type of documents are typically contained in a
2 closing file at Lueder Larkin?

3 A. It will contain everything that would go into the purchase of
4 the property, so that will be sales contracts, title examination,
5 title records, anything that's signed at closing, the closing
6 documents, as well as kind of receipt transactions for money
7 that's coming in and going out in the transaction.

8 MS. SNEED: Ms. Etienne, if you could publish
9 Exhibit 85. And please go to page two.

10 Q. Sir, looking at page 2 of Exhibit 85, what is that?

11 A. That is the single ledger balance report that was generated
12 for this closing and came from this closing file.

13 MS. SNEED: Ms. Etienne, if you could cull out the top
14 portion of the document. Yes. Thank you.

15 Q. What is a single ledger balance, what sort of information is
16 contained on there?

17 A. It's basically the transaction log for all the money that's
18 coming in and going out in that transaction. So any money that
19 was received by our firm for that purchase. And then any money
20 that was disbursed, so checks that were issued, wires that were
21 sent out, things like that.

22 Q. And earlier when I asked you what sort of closing this was,
23 you testified that it was for residential property. Do you see
24 the property address on the single ledger balance?

25 A. I do. It's over there on the right-hand side. The property

1 is 75 Abington Court, Northwest, in Atlanta.

2 Q. Who are the buyers?

3 A. Ryan S. Felton and Jennifer L. Felton.

4 Q. And is there a closing date listed on the single ledger
5 balance?

6 A. Yeah. On here it's described as the settlement date, so that
7 would be 11/3/2017.

8 Q. And what was the total amount that Lueder Larkin received for
9 the closing of this property?

10 A. That's the amount shown there under receipts for the posted
11 incoming wires. The total was \$1,508,798.82.

12 Q. And you mentioned that there were two payments received by
13 Lueder Larkin, correct?

14 A. Correct.

15 Q. What was the date of the first payment?

16 A. We received a wire on October 24th, 2017, in the amount of
17 \$500,000.

18 Q. And for the second payment?

19 A. That was on November the 3rd, 2017, in the amount of
20 1,008,798.82.

21 MS. SNEED: Ms. Etienne, if we can go to page three of
22 this exhibit.

23 Q. Sir, could you explain this document to the jury.

24 MS. SNEED: And, Ms. Etienne, if you could just cull out
25 the whole thing from the "from" line all the way to those numbers

1 at the bottom there.

2 **A.** Sure. So this is basically the wire receipt confirmation
3 showing the money that came into our bank account, the law firm's
4 bank account. The escrow account that we have at the time was
5 with Fidelity Bank. And so Fidelity Bank would e-mail us a
6 notification every time a wire came in and was posted to our
7 account. So this is just a printout that I had showing the e-mail
8 that came in from Fidelity Bank on November the 3rd confirming a
9 receipt of a wire in the amount of 1,008,798.82.

10 **Q.** Who was the originator of that wire?

11 **A.** Ryan Felton.

12 **Q.** Is it listed on this document what bank the wire was sent
13 from?

14 **A.** Yes. It's kind of in the middle there. It says, Sending
15 bank, Wells Fargo.

16 **Q.** And earlier you testified that this was sent to Lueder
17 Larkin's account, is that right?

18 **A.** That is correct.

19 **Q.** And are the last few digits of that Lueder Larkin account
20 referenced on this document, on this page?

21 **A.** Yes. A little bit further down it shows credited to account
22 ending with 785. And that is the Lueder Larkin escrow trust
23 account.

24 MS. SNEED: Ms. Etienne, if we can go to page four of
25 Exhibit 85, please.

1 Q. Sir, do you see page four on the screen there?

2 A. I do.

3 Q. And this looks like it's sort of the same information as
4 before. And what is this?

5 A. Right. This is the incoming wire receipt confirmation from
6 Fidelity Bank that our firm received on October 24th, 2017, where
7 they were confirming that we had received \$500,000 incoming.

8 Q. And who is the originator of the wire?

9 A. It was Ryan Felton.

10 Q. What bank was the wire sent from?

11 A. It was from Wells Fargo.

12 Q. And once more, it's going to Lueder Larkin's account ending
13 785?

14 A. Exactly. Correct.

15 MS. SNEED: And, Ms. Etienne, if we could go to page 18
16 of Government Exhibit 85, please. And if you could just cull out
17 that whole box, I think we'll be good. Thank you.

18 Q. Sir, what is this document?

19 A. This is the settlement statement from the purchase and sale
20 transaction we were talking about.

21 Q. Popularly known as the HUD-1, correct?

22 A. Correct.

23 Q. Who's listed as the buyers?

24 A. Ryan S. Felton and Jennifer L. Felton.

25 Q. And what was the sales price of the property?

1 A. The sales price was \$1,515,000.

2 Q. And, once more, that property address that is the subject of
3 the sale, 75 Abington Court, Northwest, in Atlanta?

4 A. Correct. That's shown in that Box G there sort of at the top.

5 Q. What was the gross amount due from the buyers?

6 A. The gross amount due -- well, after the \$500,000 earnest money
7 that came in, after that then there was a remainder due at closing
8 in the amount of 1,008,798.82.

9 MS. SNEED: Thank you, sir. Those are all the questions
10 I have.

11 MR. LOWTHER: No questions, your Honor.

12 THE COURT: Counsel, we don't need to retain this
13 witness for any reason, do we?

14 MS. SNEED: No, your Honor.

15 MR. LOWTHER: No, your Honor.

16 THE COURT: Sir, you're released. Thank you.

17 THE WITNESS: Thank you.

18 (Witness excused)

19 THE COURT: How long do you anticipate your next witness
20 will be?

21 MS. SNEED: About that long, your Honor. We have about
22 three witnesses that will be that long.

23 THE COURT: Okay. You can go ahead and call the next
24 one. And then we'll probably break right at noon. Thank you.

25 MS. SNEED: The government calls Daniel Burris.

1 COURTROOM DEPUTY CLERK: Raise your right hand.

2 _____
3 DANIEL BURRIS

4 a witness herein, being first duly sworn,
5 was examined and testified as follows:
6 _____

7 COURTROOM DEPUTY CLERK: Thank you. You can have a seat.

8 DIRECT EXAMINATION

9 BY MS. SNEED:

10 Q. Good morning, sir.

11 A. Hey. How are you?

12 Q. Are you currently employed?

13 A. I am.

14 Q. Where are you employed?

15 A. At Ferrari of Atlanta.

16 Q. And what is the nature of Ferrari of Atlanta's business?

17 A. We sell Ferraris, automobiles.

18 Q. Where is it located?

19 A. In Roswell, Georgia.

20 Q. How long have you been with Ferrari?

21 A. Fourteen years.

22 Q. What is your current title?

23 A. Sales.

24 Q. Have you held other positions at Ferrari of Atlanta?

25 A. Yeah. For a while I was sales and finance.

1 Q. And please describe in general your duties as a salesman at
2 Ferrari.

3 A. Basically just when somebody is interested in a car, I assist
4 them in buying the car.

5 Q. In or around November of 2017 did you sell a Ferrari to Ryan
6 Felton?

7 A. I did.

8 Q. And how did you first meet the defendant?

9 A. I believe he walked in that day and was looking for that car.

10 Q. And so he knew specifically what sort of car he wanted?

11 A. Correct.

12 Q. And while you were discussing the transaction, did he tell you
13 anything about himself or his business?

14 A. He had -- films. And that he had had some success with
15 Bitcoin, too.

16 Q. And what did he tell you specifically about his success with
17 Bitcoin, if anything?

18 A. That he was able to buy -- treat himself to a Ferrari.

19 Q. And, sir, I just handed you a document that has been marked as
20 Government Exhibit 86. Do you recognize that?

21 A. I do.

22 Q. And were those documents produced in response to a grand jury
23 subpoena from my office?

24 A. Correct.

25 Q. And is the first page a business record certification?

1 A. Yes.

2 Q. And who is it signed by?

3 A. Barbara Salisbury.

4 Q. Who is Barbara Salisbury?

5 A. She was our controller.

6 MS. SNEED: Your Honor, I would move to admit that --
7 move to admit Government Exhibit 86.

8 MR. LOWTHER: No objection, your Honor.

9 THE COURT: It's admitted.

10 MS. SNEED: Ms. Etienne, if you could put page 1 of
11 Exhibit 86 on the screen. I'm sorry, page 2.

12 BY MS. SNEED:

13 Q. Mr. Burris, what are we looking at on page 2 of Exhibit 86?

14 A. It's a buyer's order.

15 Q. So basically what sort of information does this list?

16 A. It would have their personal information. It will have the
17 sales price of the car. And then the total amount they'll be
18 paying.

19 Q. And who was the buyer in this sales agreement or this order
20 agreement?

21 A. Ryan Felton.

22 Q. And what was the date -- and the date listed, is that the date
23 that he bought the car?

24 A. Correct.

25 Q. And what date was that?

1 **A.** 11/24 of '17.

2 MS. SNEED: Ms. Etienne, if you can cull out the top
3 half of that. Thank you.

4 **Q.** What type of vehicle was purchased?

5 **A.** It was a 2007 Ferrari 599 GTB.

6 **Q.** What was the cash price of the vehicle?

7 **A.** The selling price was 167,598.85. Out the door with sales tax
8 and everything else was exactly 180,000.

9 **Q.** So \$180,000 was what was due from the defendant?

10 **A.** Exactly.

11 MS. SNEED: And, Ms. Etienne, turning to page 27 of
12 Exhibit 86.

13 **Q.** Do you recognize this document, Mr. Burris?

14 **A.** I do.

15 **Q.** What is that?

16 **A.** It's basically a cash receipt that is produced by our
17 controller when you have a sale of a car. It's basically an
18 invoice.

19 **Q.** And does this reflect what the defendant -- a receipt for what
20 the defendant paid for the Ferrari you sold him?

21 **A.** Correct.

22 **Q.** What was the total amount that Ferrari received from Ryan
23 Felton?

24 **A.** 180,000.

25 **Q.** And on what date?

1 **A.** It shows November 27th of '17.

2 MS. SNEED: Ms. Etienne, if you could go to the next
3 page, which is page 28 of Exhibit 86. And if you can just cull
4 out the check itself, please. Thank you.

5 **Q.** Do you recognize this document, sir?

6 **A.** Yeah. That was the cashier's check. We require either a
7 cashier's check or a wire. So that was the cashier's check that
8 he brought.

9 **Q.** And by "he," are you referring to Ryan Felton?

10 **A.** Correct.

11 **Q.** And who is listed as the remitter on this check?

12 **A.** Ryan Felton.

13 **Q.** And who is the cashier's check made payable to?

14 **A.** Ferrari of Atlanta.

15 MS. SNEED: Ms. Etienne, if you could put on the screen
16 Government Exhibit 38.

17 **Q.** Sir, on the screen in front of you is Government Exhibit 38,
18 which has previously been admitted.

19 MS. SNEED: And, Ms. Etienne, if you could go to page
20 two of this exhibit.

21 **Q.** Sir, do you recognize what's in this photograph? And I'm
22 talking about the whole environment as well as the car.

23 **A.** Yeah. That's our dealership. And that was the 2007 Ferrari
24 599.

25 MS. SNEED: Ms. Etienne, go to page three, please.

1 Q. Sir, is that just another view from the side of the Ferrari of
2 Atlanta showroom?

3 A. Yes.

4 Q. And the Ferrari that the defendant purchased?

5 A. Correct.

6 MS. SNEED: Ms. Etienne, page four.

7 Q. And what is the environment pictured on page four?

8 A. That's the front of our dealership looking across the street.

9 MS. SNEED: I have no further questions, your Honor.
10 Thank you.

11 MR. LOWTHER: No questions, your Honor.

12 THE COURT: All right. Thank you. And, Counsel, we
13 don't need to retain the witness for any reason, do we?

14 MS. SNEED: No, not from the government.

15 THE COURT: Sir, thank you. You're released.

16 THE WITNESS: Do I leave this here?

17 THE COURT: Yes. Thank you.

18 (Witness excused)

19 THE COURT: All right. Ladies and gentlemen of the
20 jury, we're going to go ahead and take a lunch break. If you
21 could be back at 1:15, I'm hopeful that we'll be able to start
22 right at 1:15, but it might be a few minutes after that depending
23 on some other things that the Court needs to address.

24 You're reminded of your instructions for this break and
25 all breaks. Anybody want me to repeat those to you? A lot of

1 head shaking no for the record.

2 Hope y'all enjoy your lunch. Take care. Thank you.

3 (The jury exited the courtroom)

4 (After a recess, the proceedings continued as follows:)

5 (Court Announced)

6 THE COURT: Mr. Kitchens, Ms. Sneed, by my math you have
7 two more witnesses this afternoon, is that right?

8 MR. KITCHENS: We're actually going to do three. We are
9 going to be calling Mr. Neuhaus. We expect that testimony is
10 going to be very short, similar to the other witnesses right
11 before lunch. Agent Ryskoski. And then Agent Stites. The only
12 two witnesses we would hold off on would be the two witnesses that
13 are coming in out of town.

14 Just for the Court's knowledge, I would anticipate one
15 of those witnesses would be very, very short, maybe five minutes
16 or so. The other witness would be a little longer but probably no
17 more than about an hour, maybe around an hour or so. So we
18 certainly think we would wrap up the government's case pretty
19 early tomorrow morning.

20 THE COURT: All right. And the three witnesses you have
21 left this afternoon, what's your estimate how long those three
22 will go.

23 MR. KITCHENS: Again, the first witness is going to be
24 very short. I think the second witness is probably not going to
25 be that long. Maybe about half an hour or so, if that. And then

1 the final witness, Agent Stites, will be a little bit more, but I
2 would anticipate it would also be under an hour for that
3 testimony.

4 So I think where we are, I think we'll probably finish
5 our testimony pretty early today. And then we, of course, would
6 be in the position to do charge conference and be ready for
7 everything at that point.

8 THE COURT: All right. Thank you very much. Let's go
9 ahead and call your first witness up to the stand.

10 And we can go ahead and bring out the jury. Thank you.

11 THE COURT: How are you?

12 MR. NEUHAUS: I'm well.

13 THE COURT: If you'll just stay standing, I think we're
14 going to have the jury come out here in just a moment and then
15 we'll get you sworn in. Actually, if I leave you standing, it
16 will take them 10 minutes to get out here. If I have you sit
17 down, they'll come out in 30 seconds. Just go ahead and have a
18 seat, if you would like. Thank you. Murphy's law or something
19 like that.

20 (The jury entered the courtroom)

21 THE COURT: Y'all can have your seats. And you can call
22 your next witness.

23 MS. SNEED: Thank you, your Honor. The government calls
24 Todd Neuhaus.

25 COURTROOM DEPUTY CLERK: Please stand and raise your

1 right hand.

2

3

TODD NEUHAUS

4

a witness herein, being first duly sworn,

5

was examined and testified as follows:

6

7

COURTROOM DEPUTY CLERK: Thank you. You may be seated.

8

DIRECT EXAMINATION

9

BY MS. SNEED:

10

Q. Good afternoon, sir.

11

A. Good afternoon.

12

Q. Are you currently employed?

13

A. I am.

14

Q. Where is that?

15

A. H&A International Jewelry.

16

Q. What is the nature of H&A's business?

17

A. Wholesale and retail diamonds and jewelry.

18

Q. Where are you located?

19

A. We're located in Dunwoody.

20

Q. How long have you been with H&A?

21

A. Almost nine years.

22

Q. What is your current title there?

23

A. General manager.

24

Q. And could you please explain to the jury in general what are

25

your duties as a general manager at H&A?

1 **A.** I control the books, the receivables, payables, looking over
2 the employees, keep the records. And any kind of -- if a
3 salesperson on the showroom has a little challenge with a
4 customer, I'll come out and help out.

5 **Q.** What is your educational background, sir?

6 **A.** I've got an associate's degree, plus a diamonds graduate.

7 **Q.** What does a diamonds graduate mean?

8 **A.** It's like a gemologist, but I specialize in diamonds.

9 **Q.** And let's just discuss your professional experience in the
10 jewelry industry.

11 How did you start in the industry before you got to H&A?

12 **A.** I had a stepfather that -- when I was eight, my parents split
13 up and my mom started dating this other guy. And he always took
14 me in as his son and said he would get me into the diamond
15 business because he had a lot of connections.

16 So in 1994 I went to Israel, I studied out there, learned how
17 to cut diamonds, went to sorting school where I got my diamonds
18 graduate and plus worked in some of the biggest diamond
19 manufactures out there.

20 **Q.** Out where?

21 **A.** Oh, Israel. And then afterwards I went to New York, and I
22 worked on 47th Street for about 15 years working for other diamond
23 manufacturers.

24 **Q.** And for those of us who don't know, is 47th Street in
25 New York --

1 A. That's the diamond district, yeah.

2 Q. Thank you, sir.

3 Sir, I've handed you a document that's been marked as
4 Government Exhibit 87. Do you recognize this document?

5 A. I do.

6 Q. What is it?

7 A. Yeah. It looks like you're looking for some records for a
8 customer.

9 Q. And are these the records that H&A produced in response to a
10 grand jury subpoena from my office?

11 A. It is.

12 Q. And did you sign the first page of Exhibit 87, which is
13 entitled "Business Record Certification"?

14 A. Yep, that's me.

15 MS. SNEED: Your Honor, I move to admit Government
16 Exhibit 87.

17 MR. LOWTHER: No objection, your Honor.

18 THE COURT: It's admitted.

19 MS. SNEED: Ms. Etienne, if we can put page three of
20 Government Exhibit 87 on the screen, please.

21 Ms. Oduka, if we can switch to the Elmo, please.

22 BY MS. SNEED:

23 Q. And, sir, if you could turn to page 3 of Government
24 Exhibit 87. We were going to try the screen but it's not working,
25 so I'm going to use the old-fashioned way, which also works.

1 Do you see that there, sir, on page --

2 **A.** I do.

3 **Q.** And could you explain to the jury, what does that depict?

4 **A.** This is a copy of the sales record that was done in our
5 showroom.

6 **Q.** And it looks like a shot of a computer screen, is that right?

7 **A.** It is, yeah. This is a program that keeps track of customers
8 and inventory and any interaction between them.

9 **Q.** And, I'm sorry?

10 **A.** Any interaction between them.

11 **Q.** And who was the customer in this screenshot on page 3 of
12 Exhibit 87?

13 **A.** Ryan Felton.

14 **Q.** And does that mean that because this screenshot is here that
15 Ryan Felton placed an order?

16 **A.** Yeah. He came into the showroom it looks like and made a
17 purchase.

18 **Q.** And what did he purchase?

19 **A.** A 2.07 carat round diamond, H color, SI2 in clarity, with a
20 GIA diamond grading report.

21 **Q.** And is that a ring?

22 **A.** That's just a stone. Underneath it is listed an 18 carat
23 white gold semi-mount with one carat total weight of diamonds.

24 **Q.** What was the date of this order?

25 **A.** December 4th, 2017.

1 Q. Where do you see that? At the top of the screen there?

2 A. Correct.

3 Q. On the right of the screen there are two addresses listed.

4 What is that top address?

5 A. The top may be his home address.

6 Q. And the shipped-to address?

7 A. Yeah. That's where the ring was actually shipped.

8 Q. What was the purchase price of this order?

9 A. Looks like 16,585.

10 Q. And what was the manner of payment? Is that reflected
11 anywhere on here?

12 A. Yeah. On the bottom left, the manner was check. And then
13 right next to it we record the check number as well.

14 Q. So it was check number 518?

15 A. Correct.

16 Q. And turning to page 4 of Exhibit 87, what does this depict?

17 A. This is an appraisal report that we would create to accompany
18 the ring.

19 Q. And who appraises the ring?

20 A. It would either be the salesperson or one of our insurance
21 people.

22 Q. And what was the appraised value of the ring?

23 A. 28,000.

24 MS. SNEED: Ms. Etienne, if we could put up Exhibit 5-G.

25 Q. Sir, on the screen before you --

1 MS. SNEED: I'm sorry, Ms. Etienne, Exhibit 5-H.

2 Q. Sir, on the screen before you is Government Exhibit 5-H that
3 was previously admitted. Do you recognize that, sir?

4 A. I do.

5 Q. What is that?

6 A. That was the method of payment for that ring.

7 Q. And that is check number 518, correct?

8 A. Correct.

9 Q. And is that your store's stamp on the bottom half of
10 Exhibit 5-H?

11 A. It is. We use the same one still.

12 Q. I'm sorry?

13 A. It is. We use the same one still.

14 MS. SNEED: Thank you, Ms. Etienne.

15 And, Ms. Etienne, if you could pull up Government
16 Exhibit 17, please. And the second page, yes. Can you cull out
17 that picture. Thank you.

18 Q. Sir, Ms. Etienne has placed on the screen what is Government
19 Exhibit 17, which was previously admitted into evidence. Do you
20 see a ring in this picture?

21 A. I do.

22 Q. And just viewing the picture, is the ring in the picture
23 consistent with the ring that H&A sold Ryan Felton on
24 December 4th, 2017?

25 A. It is.

1 Q. And how can you tell that?

2 A. On the appraisal it's listed as a halo-style ring. And I see
3 a halo around this ring. Plus the size is consistent with a two
4 carat diamond.

5 MS. SNEED: Thank you, Ms. Etienne.

6 If I could have the Elmo. Thank you.

7 Q. Sir, turning back to Government Exhibit 87, do you recognize
8 this?

9 A. I do.

10 Q. And is that another screenshot from your store's inventory
11 system?

12 A. Correct.

13 Q. And what does this order -- what does the information on this
14 screenshot tell us?

15 A. This was another sale on December 24th of the same year, 2017,
16 for a pair of diamond stud earrings weighing 4.18 carat total
17 weight in 14 carat white gold mountings.

18 Q. Who was the customer?

19 A. Ryan Felton.

20 Q. And it looks like that same address, correct?

21 A. Correct.

22 Q. What was the total price that Ryan Felton paid for the
23 earrings?

24 A. \$15,635.

25 Q. What was the manner of payment?

1 A. Check.

2 Q. And is there a number for the check written down there?

3 A. Yeah. That would be 526.

4 Q. And if we turn to the next page of Exhibit 87, what is that,
5 sir?

6 A. That would be the appraisal for what we made for the earnings.

7 Q. And what was the appraised price?

8 A. \$24,000.

9 MS. SNEED: Ms. Etienne, if you could put back up
10 Government Exhibit 5-G, please.

11 Q. Sir, on the screen --

12 MS. SNEED: And, Ms. Etienne, if you could cull out
13 just -- and all the way down to the back of the check, please.
14 Thank you.

15 Q. Sir, on the screen is Exhibit 5-G, which was previously
16 admitted into evidence. Do you recognize that?

17 A. Yes.

18 Q. What is that?

19 A. It's an endorsed check by us -- or not endorsed but cashed by
20 us.

21 Q. From whom?

22 A. Ryan Felton.

23 Q. And for the 15,635?

24 A. Correct.

25 MS. SNEED: Ms. Etienne, if you could put back up

1 Government Exhibit 17, please. I believe we need page 3. Yeah.

2 And if you could cull out the picture, Ms. Etienne. Thank you.

3 Q. Sir, do you see a picture on the screen from page 3 of
4 Government Exhibit 17 that was previously admitted into evidence?

5 A. I do.

6 Q. And do you see the stud earrings in that picture?

7 A. Yes.

8 Q. And looking at those earrings, do the earrings in the
9 picture look consistent with what was sold to Ryan Felton on
10 December 24th, 2017?

11 A. They do.

12 Q. And what are your grounds for saying that?

13 A. They're four-prong settings. They're consistent with being
14 two carats each. And it looks like one of our boxes that we would
15 put it in, our H&A boxes.

16 Q. Thank you.

17 MS. SNEED: I have no further questions, your Honor.

18 MR. LOWTHER: No questions, your Honor.

19 THE COURT: All right. Any reason we can't release this
20 witness?

21 MS. SNEED: Not from the government, sir.

22 MR. LOWTHER: No, your Honor.

23 THE COURT: Sir, thank you. You're released.

24 (Witness excused)

25 THE COURT: Please call your next witness.

1 MS. SNEED: Your Honor, before I call the next witness,
2 I would like to read a stipulation into the record.

3 THE COURT: Okay.

4 MS. SNEED: It's the stipulation regarding financial
5 institutions.

6 The United States of America and Defendant Ryan Felton,
7 individually and through counsel, hereby stipulate and agree that,
8 one, Wells Fargo Bank NA was federally insured by the Federal
9 Deposit Insurance Company for all relevant dates in the
10 superseding indictment with branches in 37 states and US
11 territories.

12 And, two, Gemini Trust Company, LLC, is a New York based
13 cryptocurrency exchange that is a licensed sender of money engaged
14 as a business in the transmission of currency, funds or value that
15 substitutes for currency.

16 And it's dated July 13th, 2022. And it's signed by
17 Mr. Lowther and the defendant Ryan Felton. And on behalf of the
18 government by myself and AUSA Nathan Kitchens.

19 THE COURT: Let's mark that as Court's Exhibit 2,
20 please. And it's admitted. Thank you.

21 MS. SNEED: And the government calls FBI Special Agent
22 Steve Ryskoski.

23 THE COURT: Good afternoon.

24

25

STEVE RYSKOSKI

1 a witness herein, being first duly sworn,
2 was examined and testified as follows:

3 _____
4 COURTROOM DEPUTY CLERK. Thank you, you may be seated.

5 DIRECT EXAMINATION

6 BY MS. SNEED:

7 Q. Where are you currently employed?

8 A. The Federal Bureau of Investigation.

9 Q. How long have you been at the FBI?

10 A. A little over 12 years.

11 Q. What is your current title?

12 A. A special agent.

13 Q. And are you assigned to any particular squad or group within
14 the FBI?

15 A. Yes. I work complex financial crimes in Atlanta, Georgia.

16 Q. And in general what are your duties as a special agent with
17 the complex financial crimes unit?

18 A. So I investigate any crimes involving mail fraud, wire fraud,
19 bank fraud, investment schemes like Ponzi schemes, mortgage fraud
20 and bank fraud.

21 Q. And before you -- or let's talk about your educational
22 background. What did you get your college degree in?

23 A. In accounting.

24 Q. Any other degrees?

25 A. Nope.

1 Q. After college what did you do?

2 A. I worked as a certified public accountant for approximately
3 eight years.

4 Q. And what sort of customers did you have when you were in
5 accounting?

6 A. So I prepared individual tax returns, business tax returns.
7 And I also conducted audits of private companies.

8 Q. As a part of your duties as a special agent with the FBI did
9 you become involved in a criminal investigation of an individual
10 named Ryan Felton?

11 A. Yes, I did.

12 Q. What was your assignment?

13 A. I reviewed and summarized bank records for a Wells Fargo
14 account.

15 Q. And was that Wells Fargo account ending 3037?

16 A. Yes, it was.

17 Q. I've placed before you what's been marked as Government
18 Exhibit 96. Do you recognize this document?

19 A. Yes, I do.

20 Q. What is it?

21 A. This is the summary I prepared for the Wells Fargo bank
22 account we just spoke about ending in 3037.

23 Q. And the bank records that you reviewed from Wells Fargo, are
24 they contained in Exhibit 5 that's previously been admitted in
25 this case?

1 **A.** Yes, they are.

2 **Q.** And about how many pages of documents were included in
3 Exhibit 5?

4 **A.** It was approximately 300 pages of -- and that included bank
5 transactions, bank statements, checks, deposits, that sort of
6 thing.

7 **Q.** For Wells Fargo account ending 3037?

8 **A.** Correct.

9 **Q.** And is Exhibit 96 a summary of the documents that you reviewed
10 for Wells Fargo account ending 3037 contained in Exhibit 5?

11 **A.** Yes.

12 **Q.** Does Government Exhibit 96 fairly and accurately summarize the
13 bank records as to Wells Fargo account 3037 that were contained in
14 Exhibit 5?

15 **A.** Yes, it does.

16 MS. SNEED: And, your Honor, the documents, the Wells
17 Fargo documents contained in Exhibit 5 were previously disclosed
18 to the defense as a part of the government's discovery in this
19 case. And the summary itself in Exhibit 96 also was provided to
20 defense, I believe, last week. So the government moves to admit
21 Government Exhibit 96.

22 MR. LOWTHER: No objection.

23 THE COURT: It's admitted.

24 BY MS. SNEED:

25 **Q.** So let's turn to Exhibit 96.

1 MS. SNEED: Ms. Etienne, if you could put that on the
2 screen, please. And if you could cull out the top portion. Thank
3 you, ma'am.

4 Q. What is the title on the -- who is the accountholder for Wells
5 Fargo account ending 3037?

6 A. That would be Ryan Felton.

7 Q. And what period of time did you review that account?

8 A. So this summary is from October 18th, 2017, through
9 October 31st, 2018.

10 Q. What was the beginning balance of that account on
11 October 18th, 2017?

12 A. \$4,662.65.

13 MS. SNEED: Ms. Etienne, if we could go down a bit to
14 just the total deposits. Yeah. Deposits. Thank you.

15 Q. What was the total amount of funds deposited into this Wells
16 Fargo account during the time that you reviewed it?

17 A. It was just under \$2.5 million.

18 MS. SNEED: And, Ms. Etienne, if we can go to payment
19 and withdrawals. Or, actually, we can leave that up. I'm sorry.

20 Q. Where did the majority of the money deposited into this
21 account during the time period you reviewed it come from?

22 A. The vast majority came from Gemini Trust Company.

23 Q. And were there multiple deposits from Gemini?

24 A. Yes. There were three.

25 Q. And what was the first deposit?

1 A. The first deposit was on October 20th, 2017, for \$2.2 million.

2 Q. And then the second deposit from Gemini Trust?

3 A. That was on December 4th, 2017, for approximately \$199,000.

4 Q. And then the third deposit from Gemini Trust Company?

5 A. It was on June 16th, 2018, for approximately \$99,000.

6 MS. SNEED: Ms. Etienne, if we can now go to the
7 payments and withdrawals, please. Thank you.

8 Q. What was the total amount of payments and withdrawals from
9 this account during the period that you reviewed it?

10 A. Just over \$2.4 million.

11 Q. And where did a large chunk of that money in this account go?

12 A. A large chunk of it, approximately \$1.5 million, went to
13 Lueder, Larkin & Hunter.

14 Q. And it looks like on the box to the right there there were two
15 different payments or withdrawals to Lueder Larkin, is that right?

16 A. That is correct.

17 Q. When was the first one?

18 A. October 24th, 2017.

19 Q. For how much?

20 A. \$500,000.

21 Q. And the second withdrawal to Lueder Larkin?

22 A. It was on November 3rd, 2017, for a little over \$1 million.

23 Q. What was the method of payment for these withdrawals?

24 A. They were both wires.

25 Q. And what was the next largest individual withdrawal?

1 A. That would have been a cashier's check for \$180,000 to Ferrari
2 of Atlanta.

3 Q. And do you see a payment to -- or in your review of the Wells
4 Fargo records did you see a payment to Carl Black Kennesaw?

5 A. Yes, I did.

6 Q. How much was that?

7 A. A little over \$58,000.

8 Q. And that's listed there on Exhibit 96?

9 A. Yes, it is.

10 Q. And what was the method of payment for the Carl Black payment?

11 A. That was a cashier's check.

12 Q. And did you also during your review see a payment to H&A
13 International Jewelry?

14 A. Yes. I saw two checks.

15 Q. What was the date of the first check?

16 A. The first one was December 4th, 2017, for \$16,585.

17 Q. And you have check numbers listed there?

18 A. Yes.

19 Q. What was the first check number for the first payment?

20 A. It was 518. Five eighteen.

21 Q. What about the second payment to H&A International Jewelry?

22 A. That was on December 24th, 2017, for \$15,635.

23 Q. And what was the ending balance on October 31st, 2018?

24 A. It was just over \$93,000.

25 MS. SNEED: If I can have a quick moment, your Honor.

1 (Pause in the proceedings)

2 MS. SNEED: Ms. Etienne, if we can put on the screen
3 Exhibit 5-F that's previously been admitted into evidence. Thank
4 you, ma'am.

5 BY MS. SNEED:

6 Q. Agent Ryskoski, do you recognize this document?

7 A. Yes. This was the withdrawal for \$180,000 to purchase the
8 cashier's check for Ferrari of Atlanta.

9 MS. SNEED: And for the record, this is Exhibit 5-F.

10 Q. And what was the date of this withdrawal slip?

11 A. November 24th, 2017.

12 Q. And what is the account number?

13 A. It's ending in 3037.

14 Q. And that's that handwritten number at the top there?

15 A. Top left, correct.

16 Q. And what's the name on the withdrawal slip?

17 A. Ryan Felton.

18 MS. SNEED: And I have no further questions, your Honor.

19 MR. LOWTHER: No questions, your Honor.

20 THE COURT: All right. Thank you. Sir, you can step
21 down. Thank you.

22 (Witness excused)

23 THE COURT: Please call your next witness.

24 MR. KITCHENS: Thank you, your Honor. The government
25 calls Special Agent Joe Stites.

1 COURTROOM DEPUTY CLERK: Raise your right hand.

2 JOSEPH STITES

3 a witness herein, being first duly sworn,
4 was examined and testified further as follows:

5

6 COURTROOM DEPUTY CLERK: You may have a seat.

7 THE COURT: Good afternoon.

8 THE WITNESS: Good afternoon.

9 DIRECT EXAMINATION

10 BY MR. KITCHENS:

11 Q. Good afternoon, Agent Stites.

12 A. Good afternoon.

13 Q. Now, at the beginning of the case you testified about your
14 role in the investigation and some of the documents that you
15 collected based on subpoenas, is that correct?

16 A. Correct.

17 Q. Now, did you also in the course of your investigation obtain
18 other materials?

19 A. Yes.

20 Q. And as part of that investigation what did you conduct to see
21 certain materials?

22 A. We executed a search warrant on the residence 75 Abington
23 Court, which is Ryan Felton's residence, on March 15th, 2019.

24 Q. Can you describe Mr. Felton's house at 75 Abington Court?

25 A. It's a two-story brick -- red brick home with a basement, side

1 load garage, sitting on a cul de sac, probably about a half acre
2 to -- about a half-acre lot.

3 MR. KITCHENS: Just one moment, your Honor.

4 Q. Agent Stites, I'm going to show you what's marked for
5 identification as Government Exhibit 97. Do you recognize that,
6 Agent Stites?

7 A. Yes, I do.

8 Q. What is it?

9 A. This is the residence located at 75 Abington Court, residence
10 owned by Ryan Felton and Jennifer Felton.

11 Q. Does that photograph fairly and accurately depict the outside
12 of that house as it appeared the day of your search?

13 A. Yes.

14 MR. KITCHENS: We offer for admission Government
15 Exhibit 97.

16 MR. LOWTHER: No objection.

17 THE COURT: It's admitted.

18 MR. KITCHENS: Just bring that up.

19 BY MR. KITCHENS:

20 Q. So did you search the premises of this house on the day of the
21 search?

22 A. Yes.

23 Q. And was there a driveway also located at this house?

24 A. Yes. It was a side load garage driveway on the right side of
25 the residence.

1 Q. And did you see any vehicles in the driveway?

2 A. Yes.

3 Q. What did you see?

4 A. We saw a black 2017 Chevy Tahoe.

5 MR. KITCHENS: We can take this down, Ms. Etienne.

6 Q. I'm going to show you what's been marked for identification as
7 Government Exhibit 98 and 99. Do you recognize those documents,
8 Agent Stites?

9 A. Yes, I do.

10 Q. What are they?

11 A. They're photographs of the Chevy Tahoe we saw at the residence
12 when we executed the search warrant.

13 Q. Do those two photographs, do they fairly and accurately depict
14 that Chevy Tahoe as it appeared on the day of the search?

15 A. Yes.

16 MR. KITCHENS: We offer for admission Government
17 Exhibits 98 and 99.

18 MR. LOWTHER: No objection.

19 THE COURT: They're admitted.

20 MR. KITCHENS: We can just look at -- thank you,
21 Ms. Etienne.

22 BY MR. KITCHENS:

23 Q. Is this the view from if you're looking at the front of the
24 car?

25 A. Yes. That's correct.

1 Q. And was this -- as you described it, is this parked in that
2 driveway right next to the house?

3 A. Yes.

4 Q. And then if we look at Exhibit 99, is that the rear of the
5 Chevy Tahoe?

6 A. Yes, it is.

7 MR. KITCHENS: We can take this down.

8 Q. Agent Stites, when you conducted the search, what were the
9 types of records that you found during the search?

10 A. We found records that were involved with both FLiK and
11 CoinSpark, with the cryptocurrency businesses. We found records
12 that were associated with purchases to the house, to vehicles.
13 And then -- computer electronics. So computers and cell phones as
14 well.

15 Q. So did you find records that showed that -- or passwords
16 belonging to certain cryptocurrency accounts?

17 A. Yes.

18 Q. And you mentioned that you saw records relating to certain
19 purchases at Mr. Felton's house, is that correct?

20 A. Correct.

21 Q. I'm going to show you what's been marked as Government
22 Exhibit 89 and 90.

23 Agent Stites, do you recognize what those records are?

24 A. Yes, I do.

25 Q. What are they?

1 **A.** Exhibit 89 is a title for the purchase of the 2017 Chevy Tahoe
2 with some of the documents from the purchase of the -- of that
3 vehicle. So these would be the documents that the purchaser would
4 bring home from the dealership.

5 And then Exhibit 90 would be purchasing documents or closing
6 documentation associated with the purchase of 75 Abington Court by
7 Mr. Ryan Felton and his wife, Jennifer Felton?

8 MR. KITCHENS: We offer for admission Exhibit 89 and
9 Exhibit 90.

10 MR. LOWTHER: No objection.

11 THE COURT: They're admitted.

12 MR. KITCHENS: If we can pull up Exhibit 89.

13 BY MR. KITCHENS:

14 **Q.** All right. Agent Stites, what is this first cover document
15 that we're looking at?

16 **A.** This is a vehicle title that's associated with a 2017 Chevy
17 Tahoe.

18 **Q.** And all these documents that we're looking at in Exhibit 89,
19 were these all documents that were found in Mr. Felton's house?

20 **A.** Yes.

21 MR. KITCHENS: Can we please pull up page 14 of
22 Exhibit 89. Thank you, Ms. Etienne.

23 Tell you what, it looks like we have another technical
24 issue with it being sideways. Let me try to see if I can pull it
25 on the side. Okay. Sorry about that.

1 Q. All right. Agent Stites, what was this that you found in
2 Mr. Felton's house?

3 A. The top is the cashier -- it's a purchaser's copy of the
4 cashier's check made payable to Carl Black Nissan on October 31st,
5 2017, for \$58,250.

6 Q. So is this the purchaser copy of that same cashier's check
7 that we looked at from Carl Black's records on Monday?

8 A. Yes, it is.

9 MR. KITCHENS: We'll go ahead and look at Exhibit 90.

10 Thank you, Ms. Oduka.

11 Just to orient ourselves, can we please look at page 11
12 of Exhibit 90.

13 Q. All right. Agent Stites, what is this?

14 A. This is a settlement statement, otherwise known as a HUD-1,
15 for the sale and purchase of the property located at 75 Abington
16 Court to Jennifer and Ryan Felton.

17 Q. So is this the owner's copy of that same settlement statement
18 we just looked at the closing records just a few minutes ago,
19 before lunch?

20 A. Yes.

21 MR. KITCHENS: And then if we can please go to page 25
22 of this exhibit. It's Exhibit 90, page 25. Thanks, Ms. Etienne.

23 Q. Agent Stites, do you recognize what this document is?

24 A. Yes.

25 Q. What is it?

1 A. This is a wire transfer receipt or -- for the customer's copy
2 of a wire from Ryan Felton to the Lueder, Larkin & Hunter, LLC.

3 Q. What was the date of this wire transfer request? If you look
4 at the top, what was the date?

5 A. Oh, there we go. Sorry. November 3rd, 2017.

6 Q. And then if we just look at the bottom part of this where it
7 says "wire amount and source of funds."

8 A. It's \$1,008,798.82.

9 Q. And what was the --

10 A. It's from the Wells Fargo account ending in 3037.

11 Q. Who was the beneficiary or recipient of this wire?

12 A. Lueder, Larkin & Hunter.

13 MR. KITCHENS: We can take this down. Thank you.

14 Q. Did you also in the course of that search find other records
15 of transactions, purchases by Mr. Felton?

16 A. Yes.

17 Q. Let me show you what's been marked as Government Exhibits 91
18 and 92.

19 Agent Stites, do you recognize those two documents?

20 A. I do.

21 Q. What are they?

22 A. Exhibit 91 is -- the top page is a gift letter from Ryan
23 Felton to -- I don't see the name. To his sister. I was looking
24 for the name on here. From Ryan Felton. It's dated
25 February 13th, 2018. And it's a gift letter showing that Ryan

1 Felton gifted \$18,500 to his sister to be applied to the purchase
2 of a property located at 62 Timberlake Cove in Cartersville,
3 Georgia.

4 **Q.** What was Exhibit 92?

5 **A.** 92 is a bunch of receipts for purchases of household items,
6 specifically furniture items. And some copies of cashier's checks
7 for those purchases.

8 MR. KITCHENS: We offer for admission Exhibit 91 and 92.

9 MR. LOWTHER: No objection.

10 THE COURT: They're admitted.

11 MR. KITCHENS: If we can pull up Exhibit 91. Thanks,
12 Ms. Etienne.

13 BY MR. KITCHENS:

14 **Q.** What was this transaction that's described here?

15 **A.** This was a gift -- this top page is a gift letter showing that
16 on February 13th, 2018, Mr. Ryan Felton donated or gifted \$18,500
17 to his sister to be applied towards the purchase of a property
18 located at 62 Timberlake Cove in Cartersville, Georgia.

19 **Q.** If we look at page three of this document, does that provide
20 another wire transfer request?

21 **A.** Yes, it does.

22 **Q.** And is this for that \$18,500 transfer to his sister?

23 **A.** Yes, it is.

24 **Q.** If we look at Exhibit 92, what's on the first page of this
25 exhibit?

1 **A.** This is a purchaser's copy of a cashier's check to Havertys
2 Furniture. The remitter is Ryan Felton. The date of this
3 cashier's check is October 31st of 2017. And the amount is
4 \$16,003.67.

5 **Q.** And I won't make you flip through everything, but from the
6 rest of the records in Exhibit 92, can you just describe in
7 general what they are.

8 **A.** In general there's the invoices that are associated with
9 various furniture purchases, including the Havertys purchase, a
10 lot of Ikea purchases and Pottery Barn, et cetera. A lot of
11 invoices and receipts associated with those purchases.

12 MR. KITCHENS: We can take this down. Thanks,
13 Ms. Etienne.

14 **Q.** Now, Agent Stites, when you were at the house, was Mr. Felton
15 present?

16 **A.** Yes, he was.

17 **Q.** And did you have an opportunity to speak with the defendant?

18 **A.** I did.

19 **Q.** Did you conduct an interview of him?

20 **A.** I did.

21 **Q.** And how long did you speak with him?

22 **A.** Maybe 20 minutes in total.

23 **Q.** And do you recognize Mr. Felton in the courtroom today?

24 **A.** Yes, I do.

25 **Q.** Could you describe him by an article of clothing that he's

1 wearing in court today?

2 **A.** Sort of a light tan-colored suit with a blue mask. And he's
3 sitting at the defendant's table.

4 **MR. KITCHENS:** May the record reflect that Agent Stites
5 has identified the defendant, Ryan Felton.

6 **THE COURT:** So noted.

7 **Q.** Agent Stites, did you make a record of the interview that you
8 conducted that day?

9 **A.** Yes, I did.

10 **Q.** How did you do that?

11 **A.** We recorded the interview and then documented it on a 302,
12 which is a report of interview.

13 **Q.** And after that interview was recorded was there a transcript
14 prepared for that interview?

15 **A.** Yes.

16 **Q.** And did you review that transcript?

17 **A.** I did.

18 **Q.** Based on your review did you notice there were a couple
19 discrepancies in the transcript from what you heard in the
20 recording?

21 **A.** I did.

22 **Q.** What were -- can you describe in general the nature of those
23 discrepancies.

24 **A.** Just one word-type changes that I had heard in relistening to
25 it versus what was typed into the transcript.

1 Q. I'm going to show you what's been marked as Government
2 Exhibit 94-A, 94-B, 94-C and 94-D.

3 Agent Stites, do you recognize what that is?

4 A. I do.

5 Q. What is it?

6 A. This is a CD that contains some -- several audio clips from
7 that interview recording that -- and they've been placed on this
8 CD.

9 Q. How do you know that they were placed on that CD that you have
10 at your desk?

11 A. I was able to review the CD and confirm those are the audio
12 clips from the recording of the interview.

13 Q. And after you confirmed it, what did you do to note that those
14 clips are on that disc?

15 A. I initialed it and I dated the date that I reviewed the CD.
16 And I put that in red on the front.

17 MR. KITCHENS: Government offers for admission
18 Government Exhibit 94-A, 94-B, 94-C and 94-D.

19 MR. LOWTHER: No objection.

20 THE COURT: They're admitted.

21 MR. KITCHENS: Ms. Etienne, would you please play
22 Exhibit 94-A.

23 And for the Court's notice, I believe that the
24 transcript that the agent testified he reviewed will be synced to
25 the recording, but the transcript itself will not be going back

1 with the exhibit.

2 THE COURT: Very well.

3 (Government Exhibit 94-A was published)

4 (Publication ceased)

5 BY MR. KITCHENS:

6 Q. Agent Stites, we'll stop there.

7 During this portion of the interview, what did Mr. Felton tell
8 you about what FLiK was and how it operated?

9 A. Mr. Felton had advised that FLiK was the streaming platform
10 and that it was -- the FLiK tokens were to be used for monthly
11 memberships, annual memberships, renting movies, et cetera.

12 Q. What did he tell you about his understanding of what a
13 security is?

14 A. A security would be if you were providing profit sharing,
15 ownership or revenue sharing with the FLiK token, by selling the
16 FLiK token.

17 Q. As part of your investigation in this case did you become
18 aware of what CoinSpark was marketed to offer?

19 A. Yes.

20 Q. Did CoinSpark offer revenue sharing or profit sharing?

21 A. Yes. A quarterly dividend was being offered with the
22 CoinSpark token.

23 MR. KITCHENS: Ms. Etienne, can we please play
24 Exhibit 94-B, the next clip from this interview.

25 (Government Exhibit 94-B was published)

1 (Publication ceased)

2 BY MR. KITCHENS:

3 Q. We'll stop there, Agent Stites. A couple questions on that.

4 Who did he say had control over the password that was needed
5 to do transactions with that smart contract?

6 A. He said that he did, Mr. Felton had the private key, as well
7 as the company out of Ukraine that built the smart contract, which
8 is Applicature. And he wasn't sure if TI's right-hand man had
9 access to that or not.

10 Q. During that interview did he identify who that right-hand man
11 was he was referring to?

12 A. He did not.

13 Q. He said he was not sure one way or another?

14 A. Correct.

15 Q. What did he say he would do with funds that -- what did he say
16 he did with the funds that were raised in the ICO?

17 A. Marketing expenses, building the platform and getting the
18 project going.

19 MR. KITCHENS: Can we please listen to Exhibit 94-C.

20 (Government Exhibit 94-C was published)

21 (Publication ceased)

22 MR. KITCHENS: Ms. Etienne, lastly, can we listen to
23 Exhibit 94-D.

24 (Government Exhibit 94-D was published)

25 (Publication ceased)

1 BY MR. KITCHENS:

2 Q. Agent Stites, from these clips did the defendant admit that he
3 loaded FLiK tokens on the CoinExchange platform and sold them?

4 A. Yes.

5 Q. What did he say in terms of how he used the proceeds from the
6 sales of those FLiK tokens on CoinExchange?

7 A. He described the marketing expenses, building the platform.
8 And then he said, of course, he had to pay himself because he was
9 full time on this venture now.

10 Q. Now, after you conducted that interview, did there come a time
11 where you saw and witnessed Mr. Felton participate in an interview
12 in another proceeding regarding FLiK and CoinSpark?

13 A. Yes.

14 Q. And was that testimony provided by Mr. Felton under oath?

15 A. Yes.

16 Q. And was there a court reporter there?

17 A. Yes.

18 Q. And you were present for the entire interview conducted under
19 oath?

20 A. Yes, I was.

21 Q. And have you reviewed a transcript of that interview?

22 A. Yes, I have.

23 Q. I'm going to show you what's been marked as Government
24 Exhibit 95-A through 95-FF.

25 Agent Stites, do you recognize what those documents are?

1 **A.** Yes, I do.

2 **Q.** What are they?

3 **A.** These are, I guess, cutouts of the transcript, specific
4 conversations within the transcript of the interview of
5 Mr. Felton.

6 MR. KITCHENS: We offer for admission Government
7 Exhibit 95-A through 95-FF.

8 MR. LOWTHER: No objection.

9 THE COURT: It's admitted. They're admitted.

10 MR. KITCHENS: First, Ms. Etienne, can we first bring up
11 Exhibit 95-A. Thank you.

12 BY MR. KITCHENS:

13 **Q.** What happened at the very beginning of this interview?

14 **A.** It was basically just an introduction of who the parties in
15 the interview were and the swearing-in of Mr. Felton.

16 **Q.** Was Mr. Felton placed under oath?

17 **A.** Yes.

18 MR. KITCHENS: Can we please bring up Exhibit 95-C. If
19 we can, Ms. Etienne. Just focus on the text itself. Thank you.

20 **Q.** What did Mr. Felton say regarding his house at 75 Abington
21 Court?

22 **A.** He admitted that he purchased the house at 75 Abington Court
23 in November of 2017. And he paid for the house. It was
24 \$1.515 million. And that he paid it in full in cash. And he
25 acquired the funds to purchase the house from Bitcoin.

1 Q. And how did he say that he acquired the Bitcoin in order to
2 pay the \$1.5 million to purchase the house?

3 A. Mining. Acquiring Bitcoin for several years going back to
4 around 2012. And then he basically said he held onto it, watched
5 it escalate and then cashed out and bought the home.

6 Q. Did he disclose that the source of funds for the house came
7 from his Gemini account?

8 A. No.

9 MR. KITCHENS: Will you please bring up Exhibit 95-D.
10 I'm sorry, Ms. Etienne, 95-D, please. D as in dog. Thank you.

11 Q. Do you see a question at the bottom there, Agent Stites?

12 A. Yes.

13 Q. What was that question?

14 A. Did the amount of Bitcoin that you owned increase
15 substantially in 2017?

16 Q. Let's look at the next page and see his response.

17 So what did he say in response to this question?

18 A. He said, Yes. Sure.

19 How did it happen?

20 He traded -- he sold some cryptocurrency tokens on the
21 exchange but it wasn't -- there was nothing nefarious about it,
22 what he did.

23 Q. Did he admit as part of his testimony that he, again, sold
24 FLiK on an exchange?

25 A. Yes. He said he sold his personal FLiK tokens on the

1 exchange.

2 **Q.** What exchange did he sell it on?

3 **A.** CoinExchange.

4 **Q.** Did he identify another exchange where he also -- a trading
5 platform where he sold FLiK tokens?

6 **A.** He also sold cryptocurrency on Gemini. And he sold
7 cryptocurrency on EtherDelta.

8 MR. KITCHENS: Ms. Etienne, if we can go to the next
9 page.

10 **Q.** And then, Agent Stites, if you can read lines four through ten
11 of the next page, beginning with, How much of the funds.

12 **A.** So the question was: How much of the funds that you used to
13 purchase your home came from your sale of FLiK tokens?

14 And the answer was: I would say a substantial amount, yeah.

15 And then the question was: The majority?

16 And the answer was: It's possible.

17 MR. KITCHENS: Ms. Etienne, can we bring up 95-E.

18 **Q.** If we go to the second page of this, please. And I want to
19 look at -- starting with the, Did you take any steps to segregate.
20 What was Mr. Felton asked?

21 **A.** Did you take any steps to segregate the proceeds of the FLiK
22 ICO from your personal funds in your Gemini account once you
23 transferred the proceeds into that account?

24 **Q.** What did Mr. Felton respond?

25 **A.** Just reading it, So I think you're not understanding. So

1 funds that came in, if they went to the Gemini account, they were
2 converted and then held in a separate -- in a separate wallet on
3 my computer. That's called an Exodus Wallet. And that's where
4 the proceeds from the crowd sale were held.

5 **Q.** Was he asked if that happened before they were transferred to
6 his Gemini account?

7 **A.** Yes.

8 **Q.** What did he respond?

9 **A.** I don't know. I don't know specifically if those were ever
10 transferred into Gemini account and converted to cash.

11 MR. KITCHENS: Can we please bring up Exhibit 95-F.

12 **Q.** Let's see if we can read through -- Agent Stites, can you
13 please read the entirety of this.

14 **A.** The question: Did you use the proceeds of your sales of FLiK
15 tokens in 2017 to purchase a Ferrari?

16 Answer: My personal ones?

17 Question: Yes.

18 Answer: I believe so, yes.

19 Question: How much did you pay for the Ferrari?

20 Answer: I want to say it was around 180, I believe.

21 Question: Did you pay the full amount in cash?

22 Answer: Yes.

23 Question: Did you use the proceeds of your sales of the FLiK
24 tokens to purchase a 2017 Chevy Tahoe?

25 Answer: Yes.

1 Question: How much did you pay for the Tahoe?

2 Answer: Approximately 70,000.

3 Question: Did you pay full amount in cash?

4 Answer: Yes.

5 Question: Did you use the proceeds of your sales FLiK tokens
6 [sic] to purchase jewelry for your wife in December of 2017?

7 Answer: I don't believe that was purchased from proceeds from
8 any FLiK tokens at all.

9 Question: Do you recall buying jewelry for your wife in
10 December of 2017?

11 Answer: I did.

12 Question: How much did you pay for the jewelry?

13 Answer: I -- I don't recall.

14 Question: Did you pay in cash?

15 Answer: Yes.

16 Question: Did you use proceeds of your sales of FLiK tokens
17 to send \$100,000 to your father, Dale Felton, in December of 2017?

18 Answer: Yes.

19 Question: Did your father ever return those funds to you?

20 Answer: No.

21 Question: Did you use the proceeds of your sale of FLiK
22 tokens to give \$18,500 to Stephanie Brown in February of 2018?

23 Answer: Yes.

24 Question: Is Stephanie Brown your sister?

25 Answer: She is.

1 Question: Did she ever return those funds to you?

2 Answer: No.

3 MR. KITCHENS: Ms. Etienne, can we please bring up 95-H.

4 Q. This is a short one.

5 In short was he asked about those tokens that were sold by him
6 on CoinExchange?

7 A. Yes.

8 Q. Did he say how many tokens he sold? Did he know how many --

9 A. He didn't know exactly how many. And the question was asked,
10 Do you know if there was millions of -- it was in millions of
11 dollars?

12 And he said, Potentially, yes -- the answer was, Potentially,
13 yes.

14 MR. KITCHENS: Let's view page 69. I'm sorry, the next
15 page of this document.

16 Q. Is that that question you were just referring to?

17 A. Correct.

18 MR. KITCHENS: Now, if we look at Exhibit 95-I, please,
19 Ms. Etienne.

20 Q. Did Mr. Felton admit he created the FLiK website?

21 A. Yes.

22 Q. Did he admit that he was solely responsible for the content on
23 that website?

24 A. Yes.

25 MR. KITCHENS: Can we please look at Exhibit 95-J.

1 Q. Did Mr. Felton admit that he drafted FLiK press releases and
2 updates?

3 A. Yes.

4 Q. Did he say that anyone else to his knowledge drafted updates
5 about FLiK?

6 A. He said he didn't think so.

7 Q. Did he admit that he drafted the FLiK blog post that was
8 hosted on the FLiK website?

9 A. Yes.

10 Q. Was he asked if anyone else participated in those blogs?

11 A. He didn't think so.

12 Q. Did he also admit that he set up the FLiK social media
13 accounts?

14 A. Yes.

15 Q. And who was it that drafted all of the content on those
16 accounts?

17 A. He said, I believe so, yes, that -- Mr. Felton answered that
18 he believed he did, yes.

19 Q. Now, if we look at Exhibit 95-K, did Mr. Felton admit that he
20 posted on the Telegram channel for FLiK?

21 A. Yes.

22 Q. Did he say what username he used for posting on that Telegram
23 channel?

24 A. He was asked, Did you use your own name when posted?

25 And he said, Yes.

1 MR. KITCHENS: May we please bring up Exhibit 95-L.

2 Thank you, Ms. Etienne.

3 Q. If we look at that first paragraph, it looks like he's being
4 asked about something where it has an important update. Do you
5 see that?

6 A. I do.

7 MR. KITCHENS: Ms. Etienne, would you please bring up
8 Government Exhibit 7. And page 11 of Government Exhibit 7.

9 Thanks, Ms. Etienne. Can we please blow up that "Important
10 Update" section.

11 Q. Agent Stites, is this the section that -- from what we looked
12 at in the transcript that Mr. Felton is being asked about?

13 A. Yes.

14 Q. And was this an important update that was posted on the
15 whitepaper for FLiK?

16 A. Yes.

17 MR. KITCHENS: So if we can go back, please,
18 Ms. Etienne, to Government Exhibit 95-L. All right.

19 Q. Then if we look at the top of page 93, it looks like he's
20 asked, Was this true?

21 Then what I want to look at is starting -- can you please read
22 from lines 8 through 22.

23 A. Lines 8 through 22 on 93, correct? Page 93?

24 Q. Yes.

25 A. So the question: So when you said that you had -- that FLiK

1 had secured a significant investment through a private placement,
2 that money had not been received yet?

3 Answer: That's correct.

4 Question: Who was the investor?

5 Answer: I -- I don't know. Somebody we had engaged with via
6 e-mail that was supposed to be from the Philippines or South Korea
7 but they represented and that was the problem that we quickly --
8 or I quickly identified with these things. You had all these
9 mysterious characters trying to participate in crowd sales for
10 tokens so as to get either free or substantially discounted tokens
11 so that they could then sell them or for whatever reason.

12 **Q.** If we could look at the next page, lines 8 through 20, so
13 that's beginning with the question, Did you ever update this
14 whitepaper?

15 **A.** The question was: Did you ever update the whitepaper to take
16 down the important update and to inform like FLiK token holders
17 that -- that you never received this money?

18 Answer: No, because by the time we realized that, Hey, this
19 thing isn't really going to happen, like we were either at the
20 tail end or the crowd sale had just finished. So it was like,
21 okay, well, there's no sense in going back now.

22 And then the question was: So you never informed FLiK token
23 holders that this private investment did not go through?

24 Answer: Correct.

25 MR. KITCHENS: Please bring up Exhibit 95-M. M, as in

1 man.

2 **Q.** Just the question at the top, is that referring to a post
3 on -- is he asked about a post on Telegram?

4 **A.** Yes.

5 **Q.** And is this discussing a post on Telegram about someone that
6 was buying \$500,000 worth of tokens?

7 **A.** Yes.

8 MR. KITCHENS: If we look at Exhibit 22-B, please,
9 Ms. Etienne. B, as in boy.

10 **Q.** If we look just at that 12:51 message. And if you can look
11 through the first point.

12 Is that the post on Telegram that Mr. Felton is being asked
13 questions about?

14 **A.** Yes, it is.

15 MR. KITCHENS: Can we please go back to Exhibit 95-M, as
16 in man.

17 **Q.** What did Mr. Felton say about this post?

18 **A.** When he was asked the question, asked if he recalled that, the
19 answer was: I don't recall that off the top of my head, no.

20 Then the question was: Do you recall having a buyer offering
21 to buy \$500,000 worth of tokens?

22 And the answer was: No. I recall there was that buyer that
23 we just talked about before we broke wanting -- we were having
24 conversation about him buying, you know, 1 million worth of
25 tokens.

1 And do you want me to continue to read?

2 Q. Is there a post after that -- or, excuse me, a question about
3 a September 3rd post on Telegram?

4 A. Yes.

5 Q. And what was that post on Telegram that he's being asked
6 about?

7 A. There was a post under Ryan Felton's name indicating that the
8 buyer didn't receive tokens, he took a small equity position and
9 will profit from a significant connection as he has had a -- has
10 at a large movie studio.

11 MR. KITCHENS: Ms. Etienne, can we please bring up
12 Exhibit 22-A. If we look at the very -- the next page of this, I
13 think, please. Okay.

14 Q. Do you see that post at 7:22?

15 A. Yes.

16 Q. And what was -- what was the post by Ryan Felton on Telegram?

17 A. He says he didn't receive tokens, he took a small equity
18 position and will profit from a significant connection he has at a
19 large movie studio.

20 Q. Is that that same post that he's being asked about during that
21 interview that Mr. Felton took under oath?

22 A. Yes.

23 MR. KITCHENS: Can we go back to Exhibit 95-M. Yes.
24 Further down. Thank you, Ms. Etienne.

25 Q. If we start at the bottom, that last question beginning on

1 line 20, was he asked if anyone had ever -- if Mr. Felton had
2 offered an equity position to anyone in FLiK other than TI?

3 **A.** That was the question he was asked.

4 And his answer was: Offered, no. I had some discussion with
5 some individuals, but I never offered anyone an equity position.

6 **Q.** If we look at Exhibit 95-N. Again, at the top, was he asked
7 if anyone had invested or purchased tokens in FLiK who had a
8 significant connection to a large movie studio?

9 **A.** He was asked.

10 And he answered: Not that I know of, no.

11 **Q.** And what was the next question and answer?

12 **A.** The question was: So the statement that somebody took a small
13 equity position and would profit from a significant connection he
14 has at a large movie studio, that would be a false statement?

15 The answer: That statement I don't -- I don't recall me
16 making that statement. I know you asked me if I remember saying
17 that, and I don't remember saying that at all.

18 The question was: But it wasn't true?

19 Answer: That statement as far as I know is not true.

20 MR. KITCHENS: Now, let's look at the bottom of -- it
21 may be the next page, Ms. Etienne. Okay.

22 **Q.** Do you see --

23 MR. KITCHENS: And, I'm sorry, the top of -- excuse me,
24 right above this, so the very last lines on page 110. Thank you,
25 Ms. Etienne.

1 Q. Was Mr. Felton also asked if FLiK raised any funds at all in
2 private equity capital?

3 A. Yes, that was the question.

4 And his answer was: No.

5 Q. Was Mr. Felton also asked about a post on Telegram on
6 September 19th, 2017?

7 A. Yes.

8 Q. And was this post about private equity investors wiring funds
9 because they wanted to get involved with FLiK because they know we
10 can upset Netflix?

11 A. Yes.

12 MR. KITCHENS: I'm going to offer Government
13 Exhibit 22-F. This is an excerpt of what's already been admitted
14 as Government Exhibit 22.

15 MR. LOWTHER: No objection.

16 THE COURT: It's admitted, or, I guess -- did you say
17 it's already been admitted but F is the excerpt?

18 MR. KITCHENS: F is the excerpt of Exhibit 22.

19 THE COURT: All right. Very well. It's admitted.

20 MR. KITCHENS: Ms. Etienne, can we please look at this
21 post on Telegram on September 19, 2017, that's Exhibit 22-F. Let
22 me try to find the exact part. If we look at the bottom of the
23 third or fourth page of this -- there we go. Thank you,
24 Ms. Etienne.

25 BY MR. KITCHENS:

1 Q. That post at 2307, do you see that, Agent Stites?

2 A. I do.

3 Q. Again, what was it that Mr. Felton stated on Telegram?

4 A. Can you go and read this -- can you blow it up?

5 MR. KITCHENS: Ms. Etienne, can we blow that post up at
6 2307. Thanks.

7 A. And this was the post about the private equity placement that
8 they received early in September.

9 Q. This is the one he's asked about in that interview?

10 A. Yes.

11 MR. KITCHENS: Can we please go back to Exhibit 95-N.
12 I think we were further down looking at questions about this
13 September 19th post.

14 Q. Again, was Mr. Felton asked if there were any private equity
15 investors in FLiK?

16 A. Yes.

17 And his answer was: There were no investors in FLiK.

18 And then the question was: Private equity or otherwise?

19 And the answer is: Correct.

20 MR. KITCHENS: If we go to the next page of this,
21 please, Ms. Etienne. Thank you.

22 Q. Let's look at the final part beginning with line 9 where it
23 says, You mentioned also you had some tokens.

24 A. The question was: You mentioned also that some tokens were
25 reserved for yourself?

1 Answer: Correct.

2 Question: How many tokens?

3 Answer: I don't recall.

4 Question: Was it disclosed in the whitepaper that you were
5 setting aside tokens for yourself?

6 Answer: I don't believe.

7 Question: Why not?

8 Answer: I didn't feel the need to disclose it.

9 Question: You didn't think people purchasing the tokens would
10 want to know?

11 Answer: Why would they?

12 MR. KITCHENS: Ms. Etienne, can we please bring up
13 Exhibit 95-0.

14 Q. And what I want to focus on are lines 1 -- or, excuse me, the
15 next page. Lines 5 through the end.

16 What do they ask Mr. Felton about keeping funds segregated --
17 the ICO funds from FLiK segregated from his personal funds?

18 A. The question was: Did you intend to set up a separate
19 financial account for those funds to allow you to keep them
20 segregated from your own personal funds?

21 Q. What did he say?

22 A. The answer was: They were in their own separate wallets.

23 Question again was: Right. But in order to use them for the
24 purpose set forth in the whitepaper, you would need to have to --
25 you would need to transfer them to a financial account --

1 Answer: Oh, sure --

2 Question: -- no?

3 Answer: Sure. So, yeah, so then a company would have to be
4 established, and FLiK would have gotten its own bank account. If
5 that's the question, yes.

6 Question: But you never did that?

7 Answer, no.

8 Q. Agent Stites, just to break that down a little bit, is he
9 asked if he took steps to be able to facilitate using those ICO
10 funds to do the things and -- the things that were set forth in
11 the whitepaper?

12 A. Yes.

13 Q. And in order to do that, to spend money to develop FLiK as was
14 outlined in the whitepaper, did he need to set up a bank account
15 for FLiK?

16 A. Yes.

17 Q. And did Mr. Felton say if he ever did that?

18 A. He did not. He said he did not.

19 Q. Please look at Exhibit 95-P. Can you please read the entirety
20 of this.

21 A. Question: Do you recall ever telling anyone in the fall
22 of 2017 that you were not required to use the funds raised in the
23 ICO for the purpose described in the whitepaper?

24 Answer: No.

25 Question: Do you believe you were required to use the funds

1 raised in the ICO for the purpose described in the whitepaper?

2 Answer: I believe it was probably the right thing to do, yes.

3 Question: Did you think it was a legal requirement?

4 Answer: I never -- I never asked myself the question, no.

5 MR. KITCHENS: May we please bring up Exhibit 95-Q. And
6 I just want to look at the bottom of this.

7 Q. Okay. That last question and answer, is he being asked about
8 FLiK?

9 A. Yes. He's being asked about content.

10 And the question is: Did you acquire any content?

11 The answer is: No.

12 MR. KITCHENS: If we can please bring up Exhibit 95-R.

13 Q. During this interview was he also asked about any discussions
14 he had with movie studios?

15 A. Yes.

16 Q. And what did he say about whether he had any communications
17 with Paramount?

18 A. No communications with Paramount.

19 Q. Did he have any conversations with Warner Brothers?

20 A. He said, Not to my knowledge.

21 Q. Did he have any conversations with 20th Century Fox about
22 licensing content for FLiK?

23 A. Not to his knowledge.

24 Q. Did he have any agreements or contracts with any studios?

25 A. No.

1 Q. Did he personally have any communications with Lionsgate?

2 A. No.

3 Q. But what did he say when he was asked if he -- if he had any
4 communications with Lionsgate?

5 A. His answer to that was: Not directly, no, but my
6 understanding from Tip's team at Hustle Gang, they were
7 introducing our concept and our platform to them trying to license
8 content to put it on -- on the -- on the FLiK streaming service.

9 Q. Who does he say told him that?

10 A. He said William Sparks told him that.

11 Q. Now, did he say ultimately if that resulted in any agreements
12 with Lionsgate?

13 A. Yeah. It did not.

14 Q. He admitted that it did not result in any?

15 A. Correct.

16 Q. If we look at the very bottom, was he asked if he had any
17 communications with any other movie studios?

18 A. Yes.

19 Q. What did he say?

20 A. No.

21 Q. Did he have conversations with any other content providers?

22 A. No, not that he can recall.

23 Q. Any conversations with artists for the purpose of licensing
24 content for the FLiK platform?

25 A. He said no.

1 MR. KITCHENS: Please bring up Exhibit 95-T.

2 Q. Just at the very top, was he asked if Mr. Gallippi had any
3 involvement in getting FLiK listed on the exchange?

4 A. Yes.

5 Q. What did he say?

6 A. He said no.

7 Q. Was he also asked if he had any agreement with Mr. Gallippi or
8 that he would in the future try to get FLiK listed on an exchange?

9 A. He said, I don't believe so.

10 MR. KITCHENS: Can we please look at Exhibit 95-U. It
11 looks like our U key may be stuck. There we go. Thank you,
12 Ms. Etienne.

13 Q. When we look at the question and answer, did Mr. Felton admit
14 that he listed FLiK on CoinExchange?

15 A. Yes.

16 Q. Then if we look at the very last line of page 168, Do you
17 recall sending FLiK tokens to CoinExchange the same day it was
18 listed?

19 A. His answer was: No. I could have -- it could've been.

20 Q. Did he recall sending over 30 million FLiK tokens to
21 CoinExchange the first week that FLiK was listed on CoinExchange?

22 A. He said, No, but it's possible.

23 MR. KITCHENS: If we look please at Exhibit 95-V.

24 Q. That first part, is Mr. Felton asked about the proceeds from
25 the FLiK sales on CoinExchange, whether they were sent to his

1 Gemini account, converted to US dollars and then wired to his
2 personal Wells Fargo account?

3 **A.** Yeah. He said, Probably, yes.

4 **Q.** If we look here, it looks like he's then asked, Why were you
5 selling your FLiK tokens?

6 What does Mr. Felton respond?

7 **A.** The answer was: They were mine to sell. And I had walked
8 away from AVA, I had walked away from Big Peach to focus on
9 building this platform. So I was selling -- you know, those were
10 my tokens to do with what I wanted. So I sold them so I could put
11 food on the table for the family and, you know, allow me to do
12 what I was going to do with FLiK.

13 MR. KITCHENS: Ms. Etienne, if we can look at
14 Exhibit 95-W. Thank you.

15 **Q.** I want to focus on the lines 5 through 19 here. This is
16 now -- at this point in the interview have they shifted to asking
17 about CoinSpark?

18 **A.** Yes.

19 **Q.** And was he asked if he had any concern about his name being
20 associated with CoinSpark?

21 **A.** Yes.

22 **Q.** What was his response?

23 **A.** He -- the response was: I recall my name, -- we had some
24 people that had participated in the FLiK crowd sale started in- --
25 as -- the term they used was "infiltrated" some of the chat rooms

1 or message boards of CoinSpark that I thought, Well, you know, if
2 these guys are going to come and call names and, you know,
3 threaten everyone here, it's probably best I just remain in the
4 background because I don't -- I don't want to sabotage, you know,
5 what we're trying to do here by these -- by these guys coming in
6 and burning this down, too. They had already caused enough
7 reputational damage to FLiK. There was no reason to allow this to
8 happen to CoinSpark as well.

9 MR. KITCHENS: Thank you, Ms. Etienne.

10 Can we please bring up Exhibit 95-X.

11 Q. I want to look kind of at that first question. If you look at
12 the top of your screen, so it's at the bottom of page 191, did any
13 of the names of any of the CoinSpark team members appear in the
14 CoinSpark website? What did Mr. Felton say?

15 A. He said, No.

16 Q. What was the response he provided?

17 A. The answer was: It was just a reason -- I don't -- I don't --
18 reason not to put them on there, but we just didn't put them on
19 there [sic].

20 And then the question was: No reason for it?

21 The answer: No.

22 MR. KITCHENS: Can we please look at Exhibit 95-Y.

23 Q. Then looking again at that first question and answer, was he
24 asked about how much after the IPO he put into CoinSpark?

25 A. 10,000.

1 Q. Was he asked if the amount that he funded was less than --

2 A. He said, Probably, it was less than the 10,000.

3 Q. Now, if we look at the end of this page on page 201, he was --
4 was he asked if CoinSpark started generating revenue?

5 A. Yes, he was asked that question.

6 And the answer was: I don't know if we ever really did
7 generate revenues. Our trading volume was so insignificantly low
8 it was ridiculous.

9 MR. KITCHENS: If we scroll down in the screen,
10 Ms. Etienne.

11 Q. Is that the answer that you just read?

12 A. Yes.

13 MR. KITCHENS: Can we please bring up Exhibit 95-Z. Z
14 as in zebra.

15 Q. What did Mr. Felton say about the amount of refunds he paid
16 from CoinSpark?

17 A. He said he would guess that it was more than half of the money
18 raised.

19 Q. And what happened -- what did Mr. Felton say about the amount
20 that wasn't paid back in the form of refunds?

21 A. He said, Well -- the question was: And the amount that wasn't
22 paid back in the form of refunds, did all that go directly to the
23 CoinSpark exchange account?

24 And the answer was: I believe so.

25 MR. KITCHENS: Please look at Exhibit 95-AA.

1 Q. Just at the very top, did Mr. Felton say who created the
2 content for the CoinSpark website?

3 A. He believed he did.

4 Q. If we look at the second page of this, was he also asked, if
5 we look at the bottom, who drafted the CoinSpark whitepaper?

6 A. Yeah. The answer was: I think so. I was involved. Yeah, I
7 think so.

8 MR. KITCHENS: Can we please look at Exhibit 95-BB. All
9 right.

10 Q. Did Mr. Felton admit that he controlled the info at
11 CoinSpark.io e-mail account?

12 A. Yes.

13 Q. And then I want to focus on the question starting at line 17.
14 What is he asked?

15 A. The question: In responding to e-mails sent to CoinSpark
16 e-mail accounts, did you ever deny that the CoinSpark team had any
17 involvement with FLiK?

18 The answer: I may have, just because, again -- I may have.

19 Q. Now, if we look at the next page, picking it up from line
20 five.

21 A. Question: Were you involved in drafting CoinSpark
22 announcement statements or press releases?

23 Answer: I was involved, yes.

24 Q. And did Mr. Felton -- was he asked if he posted on a website
25 called Medium about the CoinSpark ICO?

1 A. Yes.

2 Q. And did Mr. Felton use his own name in that post?

3 A. No, he did not.

4 Q. What did he say was the name that he used?

5 A. He used the name Michael Taylor.

6 Q. Was he asked at the end if that was -- why he picked that
7 particular name?

8 A. He was asked: Why that specific name, Michael Taylor?

9 And Mr. Felton asked [sic]: Oh, no particular reason. It's
10 just -- I could have been Joe Stites or anything.

11 Q. If we look on the screen, is that at the top of page 222?

12 A. Yes.

13 MR. KITCHENS: Now, can we please pull up Exhibit 95-CC.

14 Q. Now, let's look at that part at the top. Is it -- and based
15 on your investigation, Agent Stites, was it the case that the
16 CoinSpark -- CoinSpark at some point stopped offering a dividend?

17 A. Yes.

18 Q. If we look at that first question, was he asked if he had
19 second thoughts about that ownership piece or the dividend before
20 the ICO even began?

21 A. Yes.

22 Q. What was Mr. Felton's response?

23 A. The answer was: I think we -- I think we were still kind of
24 scratching our heads a little bit and just wanting to make sure
25 that, you know, we were trying to do things right. And I -- I

1 even threw it out there. I was, like, Well, you know, if we -- if
2 we decide to change the functionality of the token afterwards, we
3 can change the functionality of the token and offer a refund.

4 **Q.** And then is he asked just to confirm if he had that discussion
5 before the ICO even launched?

6 **A.** Yes. And the answer was: I believe so. I might be wrong
7 but --

8 MR. KITCHENS: Please pull up Exhibit 95-DD.

9 **Q.** At the beginning of this is he asked about that post on Medium
10 that he used under the name Michael Taylor?

11 **A.** Yes.

12 **Q.** Did Mr. Felton admit that he wrote that review?

13 **A.** Yes.

14 **Q.** And I want to start with that last question, beginning on line
15 18 on page 254. Is he asked, Did that article posted by Michael
16 Taylor, in the name of Michael Taylor, did it contain any other
17 misstatements?

18 What was Mr. Felton's response?

19 **A.** The answer was: I think we -- not that I know of. I think
20 it -- there were some rumors out there that, Oh, CoinSpark --
21 it had of have [sic] the mystique, like, Oh, there's no names on
22 the website, so it has to be these secret -- it has to be these
23 secret -- we read all kinds of rumors in our own Telegram group,
24 or at least they were relayed. I never went to the Telegram
25 group, so they relayed to me about people saying, Oh, I know for a

1 fact that people that left Goldman Sachs to create this and this.
2 And I think I may have used a line in there like, Oh, I've heard
3 rumors, you know, just like of -- because I had -- I had heard
4 rumors. That was a truthful statement. I heard rumors that there
5 was, you know, these people behind it.

6 **Q.** Have you reviewed that article on Medium published by Michael
7 Taylor?

8 **A.** Yes.

9 **Q.** Was there a discussion in that article about rumors of the
10 team that was behind CoinSpark?

11 **A.** Yes.

12 **Q.** And were those rumors that were published in that article that
13 people associated with Goldman Sachs were the people behind the
14 CoinSpark team?

15 **A.** Yes.

16 **Q.** Now picking up on the transcript again at page 255, what's he
17 asked beginning on line 9?

18 **A.** So you repeated in the review rumors that you knew were false?
19 The answer: Yeah, that's true.

20 **Q.** If we look a little bit below that on line 20, is he asked did
21 he, in fact, participate in the ICO?

22 **A.** Yes.

23 And the answer was: No, I did not. I stated that Michael
24 Taylor would participate in the ICO.

25 So participating as the alias.

1 Q. So, again, in that article, did the article state in the name
2 of Michael Taylor that Michael Taylor was going to participate in
3 the ICO?

4 A. Yes.

5 Q. Now, if we look at the -- on the next page, 256, starting at
6 line 2.

7 THE COURT: Mr. Kitchens, let me break in. How much
8 longer do you think you have with this witness?

9 MR. KITCHENS: Two minutes I think.

10 THE COURT: Okay. Go ahead.

11 MR. KITCHENS: Almost at the very end.

12 THE COURT: Go ahead.

13 BY MR. KITCHENS:

14 Q. Was Mr. Felton asked about whether CoinSpark retained Ernst &
15 Young to conduct services for CoinSpark?

16 A. Yes.

17 Q. And when he was asked, What did that mean, what did Mr. Felton
18 respond in line seven?

19 A. It means that he -- he basically said that they did select
20 them, just like you would decide on where to go for lunch.

21 Q. Did he tell Ernst & Young that he selected them?

22 A. No.

23 Q. What was his response, in fact?

24 A. Why would I?

25 Q. Did he admit that -- whether he hired them?

1 **A.** The answer was no.

2 **Q.** Did he retain Ernst & Young?

3 **A.** No. And the answer was: We never made any statements that
4 said we hired them or retained them. It said we had selected
5 them. So when I received a letter from them --

6 And then it ends.

7 MR. KITCHENS: If we look at Exhibit 95-EE.

8 **Q.** So, again, is he asked more questions about the relationship
9 with Ernst & Young?

10 **A.** Yes.

11 **Q.** And was he asked if Ernst & Young, in fact, would be auditing
12 CoinSpark's financial statements going forward?

13 **A.** Yes.

14 **Q.** And what did he say?

15 **A.** He said: Yes, that was our intention. It didn't say that we
16 had hired them or retained them, it just said we had chosen them.

17 **Q.** Further down on page 258 is he asked for the basis for saying
18 that he would, you know, intend on using Ernst & Young to audit
19 their financials?

20 **A.** Yeah. The answer was: Because that's who we were going to
21 hire to do it.

22 **Q.** What, again, was the basis for that assumption?

23 **A.** His assumption was, Well, I'm assuming if we picked up the
24 phone and said, Hey, do you want to audit our statements, they
25 would not say no.

1 Q. And lastly on this last page, did he say if he ever spoke with
2 Ernst & Young?

3 A. He did not.

4 Q. And at some point did Mr. Felton say that he stopped working
5 on the CoinSpark exchange?

6 A. Yes.

7 Q. And when was that?

8 A. August of 2018.

9 MR. KITCHENS: We can bring this down.

10 And I have no further questions, sir.

11 CROSS-EXAMINATION

12 BY MR. LOWTHER:

13 Q. Good afternoon, Agent Stites.

14 A. Good afternoon.

15 Q. You executed a search warrant at Mr. Felton's residence in
16 March of 2019?

17 A. Correct. March 15th.

18 Q. What time of morning did you arrive?

19 A. I believe it was about 6:30 a.m.

20 Q. So you have no reason to believe that Mr. Felton had any idea
21 that you would arrive that day?

22 A. I have no reason to believe that.

23 Q. And you have no reason to believe that Mr. Felton had an
24 opportunity to prepare for your interview that morning?

25 A. No.

1 MR. LOWTHER: Thank you.

2 THE COURT: Any redirect?

3 MR. KITCHENS: No, your Honor.

4 THE COURT: Sir, you can step down. Thank you.

5 (Witness excused)

6 THE COURT: Mr. Kitchens, Ms. Sneed, am I correct that
7 you have a couple more witnesses for tomorrow morning?

8 MR. KITCHENS: That's correct, your Honor.

9 THE COURT: All right. Ladies and gentlemen of the
10 jury, we are going to -- or I'm going to release you a bit early
11 this afternoon. I guess we've been on a kind of get-here-at-9:15,
12 start-at-9:30 schedule. Do you want to do that or would you like
13 to start right at 9:00 tomorrow? It doesn't matter.

14 A JUROR: 9:00.

15 THE COURT: 9:00? Okay. If you can try to be here a
16 little before 9:00 so we're ready to go at 9:00, I would
17 appreciate it.

18 You're reminded of your instructions for breaks,
19 including overnight breaks like now, which is do not communicate
20 in any way with anyone about this case. And do not do any
21 research in any way about this case, as well as the more
22 comprehensive instructions that I've given you. Thank you for
23 being here. We will see you in the morning at 9:00.

24 (The jury exited the courtroom)

25 THE COURT: Y'all can have your seats. Thank you.

1 It's 3:05. Let's take a 20-minute break and then come
2 back and discuss the verdict form and the charges and at least
3 discuss -- at least start that conversation. I'm not sure that
4 we'll finish it this afternoon. All right. Thanks, everyone.

5 (After a recess, the proceedings continued as follows:)

6 (Court Announced)

7 THE COURT: Let's go over -- and thank you, again, for
8 discussing and then forwarding to the Court the revised proposed
9 verdict form and instructions. We're going to go over those.

10 The -- first off, the verdict form -- and, Ms. Oduka,
11 do you have copies of each of these? I have them, I was just
12 wondering if you have a copy. If you do, I was going to have you
13 mark them as Court's 3 and 4, so anyone that might want to read
14 these down the road will know what we were talking about.

15 So Court's Exhibit 3, the proposed verdict form, I think
16 you've reduced the numbers, obviously, of the counts down to 24
17 but seems pretty straightforward. Any objection to Court's
18 Exhibit 3 as the verdict form, so basically deleting the word
19 "proposed" and using this?

20 MS. SNEED: No, your Honor, no objection from the
21 government -- just to delete the word "proposed"?

22 THE COURT: Correct.

23 MS. SNEED: No objection.

24 MR. LOWTHER: No objection to that.

25 THE COURT: Ms. Snow, can you make that edit and hand me

1 a copy just so I have it up here. Thank you.

2 Moving on to the proposed jury instructions, which,
3 again, once printed will be Court's Exhibit 4.

4 And I know that y'all have discussed these, so it may be
5 that most of these are already agreed to. And sometimes there are
6 a lot of objections and competing instructions. Here it looked to
7 me, at least based on how you've labeled them, that most of these
8 both sides have already agreed to. Is that correct?

9 MS. SNEED: That's correct, your Honor. The defendant
10 did not object to any of the proposed jury instructions from the
11 government.

12 MR. LOWTHER: That's correct.

13 THE COURT: Okay. I had just one question, then, just
14 to clarify. All of them are titled "Proposed Jury Instruction,"
15 except number 17 on page 28 of this document is titled
16 "Government's Proposed Jury Instruction." Is that just a
17 typographical error where the word "government" wasn't deleted
18 there but it was deleted everywhere else?

19 MS. SNEED: I think that's right, your Honor. The
20 government did propose this jury instruction to the defendant, and
21 the defendant did not object to it.

22 THE COURT: I noticed that difference in title as I
23 looked through all of these and I thought, Well, maybe that's the
24 only one that we need to discuss that's in contention, but it
25 sounds like none of them are in contention. Is that right,

1 Mr. Lowther?

2 MR. LOWTHER: No. That's standard instruction, so we
3 don't have any objection to it.

4 MS. SNEED: I will just add, your Honor, all of the jury
5 instructions came from the criminal pattern jury instructions,
6 except for instruction 17, which we took from the civil pattern
7 jury instructions from the Eleventh Circuit. So I think that's
8 why we differentiated it that way.

9 THE COURT: Very well.

10 Ms. Snow, if you could then just edit this document to
11 delete -- on page 10 it says, "Proposed Jury Instruction Number
12 2(B1), Face Page Introduction," delete that.

13 And then delete the first line of the title on it for
14 each of these. So, for example, on page 11, it says, "Proposed
15 Jury Instruction Number 3(B2.1) The Duty to Follow Instructions
16 and Presumption of Innocence," delete the proposed jury
17 instruction 3(B2.1) and its equivalent on each page and just leave
18 everything else in there. And then just print this as a separate
19 document for me. All right?

20 Then once we've done that, let's send it out to the
21 parties so they have a copy as well.

22 MS. SNEED: Your Honor.

23 THE COURT: Yes.

24 MS. SNEED: The only other thing I'll note for the Court
25 is just because we're having a charge conference today and we

1 still have a little bit more of the trial to go is that if
2 Mr. Felton chooses not to testify then -- or chooses to testify,
3 that would affect the proposed jury instructions.

4 THE COURT: Number 4, correct?

5 MS. SNEED: Yes. And number 9.

6 THE COURT: All right. Yes. Thank you. We'll revisit
7 those once we see where the case goes.

8 Well, that was simpler than some charge conferences I've
9 had. Is there anything else from either side on the verdict form
10 or on the charges?

11 I guess I have one other thing, sorry. And then answer
12 that question or answer it now, I don't care. What are the
13 thoughts of both sides as far as whether or not a copy of those
14 instructions would go back with the jury?

15 MS. SNEED: The government doesn't have a problem with
16 that, your Honor.

17 MR. LOWTHER: We don't have a preference. Again, like
18 earlier, not that I'm disinterested but typically in my experience
19 they go back and that's probably helpful.

20 THE COURT: All right.

21 MR. LOWTHER: In this type case. I mean, this isn't a
22 drug or gun case, this is a little more complicated with the
23 instructions on intent, et cetera. And I say I don't have a
24 preference, but after having said that, I would probably prefer
25 the instructions go back with the jury.

1 THE COURT: All right. It sounds like the government is
2 fine with that?

3 MS. SNEED: That's fine, your Honor.

4 THE COURT: All right. Then we'll send a copy of the
5 instructions back with the jury.

6 Now, I had just asked you and you were about to say yes
7 or no when I said, Oh, I've got one more thing. But anything else
8 from anyone on the proposed verdict form or the proposed jury
9 instructions.

10 MS. SNEED: Not on those items, your Honor.

11 THE COURT: Okay. Any other items?

12 MR. LOWTHER: No, not on those items or any other.

13 MS. SNEED: I just wanted to point out to the Court that
14 under Rule 32.2(b)(5), the Court does have to determine if the
15 jury will be retained for deliberating forfeiture or to have a
16 forfeiture trial. And the government has spoken to Mr. Lowther.
17 And it's my understanding that the defendant is waiving his right
18 to retain the jury for forfeiture, to make the determination as to
19 forfeiture. So I just wanted to put that on the record.

20 THE COURT: Is that correct, Mr. Lowther?

21 MR. LOWTHER: That's correct, your Honor.

22 THE COURT: Well, then, we won't need to make that
23 determination, will we?

24 I don't think there's anything else we can occupy our
25 time with until the last two witnesses that the government has in

1 the morning, is there?

2 MS. SNEED: Nothing from the government.

3 THE COURT: Okay. It sounds like there's nothing from
4 the defense either, correct?

5 MR. LOWTHER: That's correct.

6 THE COURT: Very well. Let's just break for the day.
7 And if everybody can be here 8:45-ish so we can hopefully get on
8 the record right at 9:00, that would be appreciated.

9 All right. I hope everyone has a good afternoon. See
10 you in the morning.

11 Thank you, Ms. Oduka. Thank you, Ms. Coudriet.

12 (After a recess, proceedings were continued as follows
13 on July 14, 2022:)

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C E R T I F I C A T E

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

I do hereby certify that the foregoing pages are a true and correct transcript of the proceedings taken down by me in the case aforesaid.

This the 15th Day of May, 2023.

Penny Pritty Coudriet

PENNY PRITTY COUDRIET, RMR, CRR
OFFICIAL COURT REPORTER